

Vision Values

Vision Values Holdings Limited

Stock Code : 862



Interim Report
2017/18



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Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "**Board**"), I hereby present to the shareholders the interim results of Vision Values Holdings Limited (the "**Company**") and its subsidiaries, (collectively the "**Group**") for the six months period ended 31 December 2017 (the "**Financial Period**").

Financial Results Summary

- Revenue for the Financial Period was HK\$13.3 million (2016: HK\$12.6 million).
- Profit attributable to owners of the Company was HK\$10.4 million (2016: Loss HK\$15.0 million).
- Earnings per share attributable to owners of the Company was HK cents 0.27 (2016: Loss per share HK cents 0.50)

Management Discussion and Analysis


Business Review

1. Network Solutions and Project Services ("**NSPS**")

The overall adverse business environment for NSPS is unchanged since last financial year. During the Financial Period, the total revenue achieved by NSPS was about HK\$10.8 million (2016: HK\$11.7 million). A 7.7% drop when compared to last corresponding period.

The revenue breakdown was as follows: (i) revenue from telecom solutions was approximately HK\$3.0 million (2016: HK\$3.1 million); (ii) revenue from enterprise solutions was approximately HK\$1.7 million (2016: HK\$0.9 million); (iii) revenue from project services was approximately HK\$5.6 million (2016: HK\$6.7 million) and revenue from system maintenance was approximately HK\$0.5 million (2016: HK\$1.0 million).

The enterprise solutions sector recorded a substantial growth in revenue when compared to last corresponding period. The enterprise solutions market in Hong Kong is a crowded market. In order to gain new business, NSPS needs to sacrifice part of its profit margin as well as offering better terms in the support and maintenance services. The increase in revenue was mainly due to the successful completion of two wireless broadband projects for two Hong Kong government departments.



Apart from looking for new business opportunities, NSPS has initiated various cost-cutting measures during the Financial Period in order to maintain its financial health.

Regarding the legal action with a contractor in respect of outstanding fee, the case management summon hearing is re-scheduled to mid 2018.

2. Property Investment

The Group had completed the acquisition of a Hong Kong commercial property in September 2017. As at 31 December 2017, the approximate floor area of the Group's portfolio of investment properties, comprising 17,260 square feet of commercial and industrial buildings and 3,374 square feet of residential building. The aggregate fair market valuation of the Group's investment properties at the end of the Financial Period was around HK\$329.9 million. A significant gain on fair values changes of approximately HK\$24.9 million recorded for the Financial Period mainly arising from the revaluation gain from the Hong Kong office properties and a villa in Beijing.

At the end of the Financial Period, all the investment properties were rented out except for an office building in Wanchai and a villa in Beijing.

3. Yacht Construction and Trading

At the end of the Financial Period, the building of the yacht was almost finished. Currently, the building team is concentrating on the interior decoration works. The sea trials of the yacht are tentatively planned to commence in mid 2018.

4. Exploration and evaluation of mineral resources

The field works for the 2017 exploration plan were duly completed during the Financial Period. An ongoing through studies focusing on Volcanic-hosted Massive Sulfide (VMS) Type and Porphyry-Type Polymetallic mineralization zones and targets are now carrying out by our geologists in Mongolia on these field exploration results. After comprehensive studies and based on the data gathered so far over the past exploration programs, our geologists will assess the development feasibility of our exploration licenses in Mongolia and recommend the next appropriate step to be taken.

Financial Review

1. Results Analysis

During the Financial Period, the Group's revenue slightly increased to HK\$13.3 million (2016: HK\$12.6 million). Around 81.4% of the Group's revenue was generated from the NSPS business segment (2016: 93.4%).



The fair values of the Group's investment properties at the end of the Financial Period were valued by an independent qualified valuer. The carrying values of the investment properties as at 31 December 2017 increased by 121.1% to HK\$329.9 million (30 June 2017: HK\$149.2 million). The net increase in carrying values consisted of (i) acquisition costs of a commercial property acquired during the Financial Period of HK\$154.7 million (including directly attributable acquisition costs); (ii) fair valued gains on investment properties of HK\$24.9 million (2016: HK\$1.2 million) and (iii) gain on currency translation of HK\$1.1 million on our investment properties in China.

2. Liquidity and Financial Resources

As at 31 December 2017, the capital and reserves attributable to the shareholders of the Company was HK\$513.6 million (30 June 2017: HK\$497.5 million).

In last financial year, the Company completed a rights issue of 1,295,919,446 ordinary shares of HK\$0.1 each at a subscription price of HK\$0.18 each (the "**Rights Issue**"). The net proceeds from the Rights Issue amounted to approximately HK\$227.4 million (the "**Rights Issue Proceeds**"). Amongst which approximately HK\$7.9 million had been utilised in last financial year. The actual uses of the Rights Issue Proceeds during the Financial Periods are as follows:

- (i) approximately HK\$154.7 million was applied for the acquisition of an investment property; and
- (ii) approximately HK\$24.6 million were applied as general working capital of the Group for corporate expenses, mineral exploration and yacht building projects.

The above mentioned use is consistent with the intended use of Rights Issue Proceeds as disclosed in the prospectus and announcement of the Company dated 6 March 2017 and 12 July 2017 respectively. The balance of the Rights Issue Proceeds as at 31 December 2017 was approximately HK\$40.2 million and the Company had no present intention to change its intended use.

As at 31 December 2017, the Group had no bank or other borrowings (30 June 2017: nil).

3. Gearing

The Group had no gearing as at 31 December 2017 (30 June 2017: nil).



4. Foreign Exchange

The key operations of the Group are located in Hong Kong, China and Mongolia. The Group's assets and liabilities are mainly denominated in Hong Kong dollars, United States dollars and Renminbi. The Group does not establish a foreign currency hedging policy. However, management of the Group continues to monitor foreign exchange exposure and will consider hedging significant currency exposures should the need arise.

5. Contingent Liabilities

As at 31 December 2017, the Group did not have material contingent liabilities (30 June 2017: nil).

Business Outlook and Development

In respect of the NSPS business segment, the total contract on hand as at 31 December 2017 was approximately HK\$11.3 million. Among this total contract sum, 73% belongs to the project services whilst the remaining belongs to the telecom and enterprise solutions.

Looking forward, NSPS is expecting to work in a difficult and competitive environment. NSPS is going to use its strength in wireless and synchronization technologies to generate more business leads.

In order to maximise our shareholder value, the Group will continue to seek new business opportunities from time to time.

Appreciation

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all our management and colleagues for their valuable contribution to the Group. Moreover, I would also like to express appreciation to our valued shareholders, customers and business partners who have stood by the Group.

Lo Lin Shing, Simon

Chairman

Hong Kong, 26 February 2018



Corporate Governance and Other Information

Interim Dividend

The Board has resolved not to declare any interim dividend for the Financial Period (2016: Nil).

Directors' Interests and Short Positions in Shares of the Company and its associated corporation

As at 31 December 2017, the interests or short positions of the directors in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code Securities Transactions by Directors of Listed Companies (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of securities on the Stock Exchange (the "Listing Rules") were as follows:

Long positions in the shares and underlying shares of the Company

Name of Directors	Number of shares			Number of underlying shares			Total interests	Percentage of shareholding
	Personal interests	Spouse interests	Corporate interests	Personal Interests pursuant to share options	Corporate interests			
Mr. Lo Lin Shing, Simon ("Mr. Lo")	1,755,000	—	1,246,054,889 ^(Note)	33,777,894	—	1,281,587,783	32.80%	
Mr. Ho Hau Chong, Norman	1,170,000	—	—	30,299,341	—	31,469,341	0.81%	
Mr. Lo, Rex Cze Kei	—	—	—	17,294,737	—	17,294,737	0.44%	
Mr. Tsui Hing Chuen, William JP	4,365,131	—	—	8,647,368	—	13,012,499	0.33%	
Mr. Lau Wai Piu	—	—	—	8,647,368	—	8,647,368	0.22%	
Mr. Lee Kee Wai, Frank	6,404,605	—	—	8,647,368	—	15,051,973	0.39%	

Note: Moral Glory International Limited ("Moral Glory") is wholly-owned by Mr. Lo.



Associated Corporation of the Company

The following Director had interests in the shares of the associated corporation of the Company:

Name of Director	Name of associated corporation	Capacity	Number and class of securities interested	Approximate percentage of shareholding in the associated corporation
Mr. Lo	Mission Wealth Holdings Limited ^{(i)(note)}	Beneficial owner	49 ordinary shares of US\$1.00 each	49%

Note: Mission Wealth Holdings Limited is a company incorporated in the British Virgin Islands which is a 51%-owned subsidiary of the Company.

Save as disclosed above and the section headed “**Share Option Scheme**”, as at 31 December 2017, none of the directors, chief executives and their respective associates (as defined under the Listing Rules) had any interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



Discloseable Interests and Short Positions of Substantial Shareholders/Other Persons under the SFO

The register of interests in shares and short positions maintained under section 336 of the SFO showed that as at 31 December 2017, the Company had been notified of the following interests in shares representing 5% or more of the Company's issued share capital:

Long position of substantial Shareholders/other persons in the shares and/or underlying shares

Name of Shareholders	Number of shares and/or underlying shares			Total interests	Percentage of nominal value of issued share capital
	Beneficial/Personal interests	Spouse interests	Corporate interests		
Ms. Ku Ming Mei, Rouisa ^(Note)	—	1,281,587,783	—	1,281,587,783	32.80%
Moral Glory	1,246,054,889	—	—	1,246,054,889	31.89%

Note: Ms. Ku Ming Mei, Rouisa is the spouse of Mr. Lo and accordingly, she was deemed to be interested in all the shares in which Mr. Lo was interested by virtue of the SFO.

Save as disclosed above and those disclosed under "**DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES**", the Company had not been notified of other interests representing 5% or more of the issued share capital of the Company as at 31 December 2017.

Update on Directors' Information

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the directors since the date of the Company's Annual Report 2017 are set out below:

1. Ms. Yvette Ong has been appointed as an executive director of the Company with effect from 1 February 2018; and
2. Mr. Lo, Rex Cze Kei has been re-designated as an executive director of the Company with effect from 1 February 2018. He has also been re-designated as an executive director of Mongolia Energy Corporation Limited (Stock code: 276) which is listed on the Stock Exchange, with effect from 1 February 2018.

Share Option Scheme

Under the share option scheme adopted by the Company on 23 November 2011 (the "**2011 Option Scheme**"), options were granted to certain directors, employees and other eligible participants of the Company entitling them to subscribe for shares of HK\$0.01 each in the capital of the Company.

Details of the movement in outstanding share option, which had been granted under the 2011 Option Scheme, during the Financial Period were as follows:

Name or category of participants	Date of grant	Exercise price HK\$	Exercise period	Vesting period	Number of shares subject to options				
					As at 1 July 2017	Granted during the Financial Period	Lapsed during the Financial Period	Exercised during the Financial Period	As at 31 December 2017
Mr. Lo	05/03/2014	0.601	05/03/2014 to 04/03/2019	N/A	8,267,368	—	—	—	8,267,368
	20/05/2015	0.560	20/05/2015 to 19/05/2020	N/A	8,510,526	—	—	—	8,510,526
	07/04/2017	0.290	07/04/2017 to 06/04/2022	N/A	17,000,000	—	—	—	17,000,000
Mr. Ho Hau Chong, Norman	11/01/2013	0.149	11/01/2013 to 10/01/2018	N/A	16,651,973	—	—	—	16,651,973
	20/05/2015	0.560	20/05/2015 to 19/05/2020	N/A	3,647,368	—	—	—	3,647,368
	07/04/2017	0.290	07/04/2017 to 06/04/2022	N/A	10,000,000	—	—	—	10,000,000



Name or category of participants	Date of grant	Exercise price HK\$	Exercise period	Vesting period	Number of shares subject to options				As at 31 December 2017
					As at 1 July 2017	Granted during the Financial Period	Lapsed during the Financial Period	Exercised during the Financial Period	
Mr. Lo, Rex Cze Kei	05/03/2014	0.601	05/03/2014 to 04/03/2019	N/A	7,294,737	—	—	—	7,294,737
	07/04/2017	0.290	07/04/2017 to 06/04/2022	N/A	10,000,000	—	—	—	10,000,000
Mr. Tsui Hing Chuen, William JP	11/01/2013	0.149	11/01/2013 to 10/01/2018	N/A	3,365,131	—	—	3,365,131	—
	20/05/2015	0.560	20/05/2015 to 19/05/2020	N/A	3,647,368	—	—	—	3,647,368
	07/04/2017	0.290	07/04/2017 to 06/04/2022	N/A	5,000,000	—	—	—	5,000,000
Mr. Lau Wai Piu	20/05/2015	0.560	20/05/2015 to 19/05/2020	N/A	3,647,368	—	—	—	3,647,368
	07/04/2017	0.290	07/04/2017 to 06/04/2022	N/A	5,000,000	—	—	—	5,000,000
Mr. Lee Kee Wai, Frank	11/01/2013	0.149	11/01/2013 to 10/01/2018	N/A	6,404,605	—	—	6,404,605	—
	20/05/2015	0.560	20/05/2015 to 19/05/2020	N/A	3,647,368	—	—	—	3,647,368
	07/04/2017	0.290	07/04/2017 to 06/04/2022	N/A	5,000,000	—	—	—	5,000,000
Employees and others in aggregate (including a director of certain subsidiaries)	11/01/2013	0.149	11/01/2013 to 10/01/2018	N/A	10,420	—	—	10,420	—
	05/03/2014	0.601	05/03/2014 to 04/03/2019	N/A	7,294,737	—	—	—	7,294,737
	20/05/2015	0.560	20/05/2015 to 19/05/2020	N/A	46,710,631	—	—	—	46,710,631
	19/10/2016	0.338	19/07/2017 to 18/10/2018	19/10/2016 to 18/07/2017	3,039,474	—	—	—	3,039,474
	19/10/2016	0.338	19/01/2018 to 18/10/2018	19/10/2016 to 18/01/2018	3,039,474	—	—	—	3,039,474
	07/04/2017	0.290	07/04/2017 to 06/04/2022	N/A	78,000,000	—	—	10,000,000	68,000,000
Total					255,178,548	—	—	19,780,156	235,398,392



Purchase, Sale or Redemption of the Company's Listed Securities

During the Financial Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Corporate Governance

The Board recognises the importance of maintaining a high standard of corporate governance practice to protect and enhance the benefits of the shareholders. The Board and the management of the Company have collective responsibility to maintain the interest of the shareholders and to enhance their values. They also believe good corporate governance practices can facilitate rapid growth of a company under a healthy governance structure and strengthen the confidence of the shareholders and investors.

During the Financial Period, the Company had applied the principles of and complied with the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules on the Stock Exchange, save for the following deviations:

- i. Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer ("**CEO**") should be separated and should not be performed by the same individual.

Mr. Lo is the chairman of the Company (the "**Chairman**") and has also carried out the responsibility of CEO. Mr. Lo possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group. The Board considers the present structure is more suitable for the Company because it can promote the efficient formulation and implementation of the Company's strategies.

- ii. Under the code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term and subject to re-election.

None of the existing non-executive directors is appointed for a specific term which constitutes a deviation from the code provision A.4.1 of the CG Code. However, they are subject to retirement by rotation in accordance with the provisions of the Company's Articles of Association (the "**Articles**"). Therefore, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those of the CG Code.



- iii. Code provisions A.5.1 to A.5.4 of the CG Code require a nomination committee to be set up, chaired by the chairman of the board or an independent non-executive director to review the structure, size and composition of the board at least annually to complement the issuer's corporate strategy.

The Company has not set up a nomination committee as required. The Board considers that it should be the responsibility of the full Board to review these matters and make decisions from time to time. The Board has already set out the criteria for selection of a director under its internal policy. According to the Articles of the Company, any newly appointed directors are required to offer themselves for re-election at the next general meeting. Furthermore, the director re-election process participating by the shareholders in the annual general meeting ("**AGM**") and the rights of shareholders to nominate a director both ensure a right candidate to be selected to serve the Board effectively.


- iv. Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the AGM.

Due to another business engagement, the Chairman was unable to attend the 2017 AGM. An independent non-executive Director had chaired the 2017 AGM and answered shareholders' questions. The AGM of the Company provides a channel for communication between the Board and the shareholders. Chairman of the Audit and Remuneration Committees of the Company was also present and available to answer questions at the 2017 AGM. Other than the AGM, the shareholders may also communicate with the Company through the contact information listed on the Company's website.

Compliance with Model Code for Securities Transactions

The Company has adopted its own Code for Securities Transactions by the directors (the "**Code**"), which are on terms no less exacting than those set out in the Model Code. The Company has also established written guidelines for securities transactions by employees of the Group on terms no less exacting than the Model Code for securities transactions by relevant employees of the Group who are likely to be in possession of unpublished inside information of the Company.

During the period of thirty days immediately preceding and including the publication of the half year results or, if shorter, the period from the end of the relevant financial quarterly or half year period up to and including the publication date of the half year results, all directors and relevant employees are restricted to deal in the securities and derivatives of the Company until such results have been published.



Upon specific enquiry by the Company, all directors have confirmed in writing that they have complied with the required standards set out in the Model Code and the Code throughout the Financial Period.

Employees and Remuneration Policy

As at 31 December 2017, the Group had a total of 27 full-time employees (30 June 2017: 30). Remuneration policy of the Group is reviewed regularly, making reference to legal framework, market condition and the performance of the Group and individual staff (including directors). The remuneration policy and remuneration packages of the executive directors and members of the management of the Group are reviewed by the Remuneration Committee.

Review of Interim Results

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive directors, namely Mr. Tsui Hing Chuen, William *JP*, Mr. Lee Kee Wai, Frank and Mr. Lau Wai Piu (chairman of the Audit Committee). The Audit Committee has reviewed the unaudited condensed consolidated financial statements and the interim report of the Company for the six months ended 31 December 2017.

Board of Directors

As at the date of this Report, the Board comprises the following members:

Executive Directors

Mr. Lo Lin Shing, Simon (*Chairman*)

Mr. Ho Hau Chong, Norman

Ms. Yvette Ong

Mr. Lo, Rex Cze Kei

Independent Non-executive Directors

Mr. Tsui Hing Chuen, William *JP*

Mr. Lau Wai Piu

Mr. Lee Kee Wai, Frank



Condensed Consolidated Statement of Profit or Loss

For the six months ended 31 December 2017

		Six months ended 31 December	
	Note	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue	3	13,288	12,551
Other income	4	1,272	1,031
Changes in inventories of finished goods and work in progress		(3,737)	(3,442)
Subcontracting fees for project services		(4,846)	(5,720)
Fair value gains on investment properties	8(b)	24,896	1,162
Employee benefit expenses		(9,333)	(9,163)
Depreciation		(392)	(408)
Other expenses	5	(10,975)	(11,632)
Profit/(Loss) before taxation		10,173	(15,621)
Income tax expense	6	(898)	(777)
Profit/(Loss) for the period		9,275	(16,398)
Profit/(Loss) attributable to:			
Owners of the Company		10,403	(14,999)
Non-controlling interest		(1,128)	(1,399)
		9,275	(16,398)
Earnings/(Loss) per share attributable to owners of the Company for the period (HK cents)	7		(Restated)
— Basic		0.27	(0.50)
— Diluted		0.26	(0.50)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2017

	Six months ended 31 December	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Profit/(Loss) for the period	9,275	(16,398)
Other comprehensive income/(loss):		
Items that may be subsequently reclassified to profit or loss:		
— Currency translation differences	1,127	(1,015)
Total comprehensive income/(loss) for the period	10,402	(17,413)
Attributable to:		
Owners of the Company	11,530	(16,014)
Non-controlling interest	(1,128)	(1,399)
Total comprehensive income/(loss) for the period	10,402	(17,413)



Condensed Consolidated Statement of Financial Position

As at 31 December 2017

	Note	As at 31 December 2017 HK\$'000 (unaudited)	As at 30 June 2017 HK\$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	8(a)	5,466	5,669
Investment properties	8(b)	329,890	149,175
Exploration and evaluation assets	9	66,924	57,267
Goodwill		3,334	3,334
Held-to-maturity financial assets		48,200	48,283
		453,814	263,728
Current assets			
Inventories	10	50,147	42,405
Trade receivables	11	7,008	6,828
Prepayments, deposits and other receivables		10,954	7,448
Cash and bank balances		45,769	220,614
		113,878	277,295
Total assets		567,692	541,023
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	13	39,075	38,878
Other reserves		492,233	486,749
Accumulated losses		(17,742)	(28,145)
		513,566	497,482
Non-controlling interest		30,791	28,195
Total equity		544,357	525,677



	Note	As at 31 December 2017 HK\$'000 (unaudited)	As at 30 June 2017 HK\$'000 (audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		2,968	2,070
Current liabilities			
Trade payables	12	5,027	5,888
Accrued charges and other payables		15,340	7,388
		20,367	13,276
Total liabilities		23,335	15,346
Total equity and liabilities		567,692	541,023
Net current assets		93,511	264,019



Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2017

		Unaudited Six months ended 31 December	
		2017	2016
		HK\$'000	HK\$'000
	Note		
Cash flows from operating activities:			
Cash used in operation		(19,744)	(27,929)
Income tax refund		—	107
Net cash used in operating activities		(19,744)	(27,822)
Cash flows from investing activities:			
Purchase of property, plant and equipment	8(a)	(209)	(99)
Purchase of investment properties	8(b)	(154,694)	—
Net cash outflow for acquisition of investment properties and other assets through acquisition of a subsidiary		—	(62,816)
Additions to exploration and evaluation assets	9	(9,657)	(3,736)
Proceeds from disposal of property, plant and equipment	8(a)	20	—
Interest received		1,355	1,105
Net cash used in investing activities		(163,185)	(65,546)
Cash flows from financing activities:			
Proceeds from issuance of ordinary shares — Exercise of share options	13	4,358	—
Contribution from a non-controlling interest		3,724	2,469
Net cash generated from financing activities		8,082	2,469
Net decrease in cash and cash equivalents		(174,847)	(90,899)
Cash and cash equivalents at beginning of the period		220,614	157,565
Effect on foreign exchange rate changes		2	(7)
Cash and cash equivalents at end of the period		45,769	66,659

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2017

	Attributable to owners of the Company							Non-controlling interest	Total equity
	Share capital	Share premium	Revaluation reserve	Share option reserve	Currency translation reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2017 (audited)	38,878	433,620	2,366	52,063	(1,300)	(28,145)	497,482	28,195	525,677
Comprehensive income:									
— Profit for the period	—	—	—	—	—	10,403	10,403	(1,128)	9,275
Other comprehensive income:									
— Currency translation differences	—	—	—	—	1,127	—	1,127	—	1,127
Total comprehensive income for the period	—	—	—	—	1,127	10,403	11,530	(1,128)	10,402
Issue of ordinary shares — exercise of share options (Note 13)	197	6,524	—	(2,363)	—	—	4,358	—	4,358
Share-based payment	—	—	—	196	—	—	196	—	196
Total contributions by owners of the company recognised directly in equity	197	6,524	—	(2,167)	—	—	4,554	—	4,554
Contribution from a non-controlling interest	—	—	—	—	—	—	—	3,724	3,724
Total transactions with owners, recognized directly in equity	197	6,524	—	(2,167)	—	—	4,554	3,724	8,278
At 31 December 2017 (unaudited)	39,075	440,144	2,366	49,896	(173)	(17,742)	513,566	30,791	544,357



Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 31 December 2016

	Attributable to owners of the Company							Non-controlling interest HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Revaluation reserve HK\$'000	Share option reserve HK\$'000	Currency translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000		
At 1 July 2016 (audited)	259,184	179,216	2,366	30,418	2,059	(175,048)	298,195	25,726	323,921
Comprehensive loss:									
— Loss for the period	—	—	—	—	—	(14,999)	(14,999)	(1,399)	(16,398)
Other comprehensive loss:									
— Currency translation differences	—	—	—	—	(1,015)	—	(1,015)	—	(1,015)
Total comprehensive loss for the period	—	—	—	—	(1,015)	(14,999)	(16,014)	(1,399)	(17,413)
Share-based payment	—	—	—	180	—	—	180	—	180
Share capital reduction (Note 13)	—	(3)	—	—	—	—	(3)	—	(3)
Total contributions by owners of the company recognised directly in equity	—	(3)	—	180	—	—	177	—	177
Contribution from a non-controlling interest	—	—	—	—	—	—	—	2,469	2,469
Total transactions with owners, recognized directly in equity	—	(3)	—	180	—	—	177	2,469	2,646
At 31 December 2016 (unaudited)	259,184	179,213	2,366	30,598	1,044	(190,047)	282,358	26,796	309,154



Notes to the Condensed Consolidated Financial Statements

1. General Information

Vision Values Holdings Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) are principally engaged in the provision of network solutions and project services, property investment, yacht building in Hong Kong and minerals exploration in Mongolia.

The Company is a limited liability company incorporated in the Cayman Islands. The address of its principal place of business is Units 902–03, 9/F Shui Hing Centre, 13 Sheung Yuet Road, Kowloon Bay, Hong Kong.

The Company is listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

2. Basis of Preparation and Accounting Policies

The condensed consolidated interim financial statements (the “**Interim Financial Statements**”) for the six months ended 31 December 2017 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The Interim Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, which are stated at fair value.

The basis of preparation and accounting policies used in the preparation of the Interim Financial Statements are consistent with those used in the annual financial statements for the year ended 30 June 2017.

In the current interim period, the Group has adopted the following amendments to Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the HKICPA:

Annual Improvement Project — HKFRS 12 (Amendments)	Annual Improvements 2014–2016 cycle
HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of above amended HKFRSs has had no significant financial effect on the results and financial position of the Group for the current period.



2. Basis of Preparation and Accounting Policies (Continued)

The application of Amendments to HKAS 7 “Disclosure Initiative” will result in additional disclosures on the Group’s financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided in the consolidated financial statements for the year ending 30 June 2018 on application.

The Group has not early applied those new or revised HKFRSs that have been issued but are not yet effective.

3. Turnover and Segment Information

The Group’s reportable operating segments are (i) network solutions and project services; (ii) property investment; (iii) yacht building; and (iv) mineral exploration.

The chief operating decision maker has been identified as the Executive Directors. The Executive Directors review the Group’s internal reporting in order to assess performance and allocate resources. The Executive Directors determined the operating segments based on these reports.

The Executive Directors assess the performance of operating segments based on a measure of segment results. This measurement basis is revenue less direct attributable expenses to revenue but excluding depreciation. Other information provided, except as described below, to the Directors is measured in a manner consistent with that in the consolidated financial statements.

Segment assets exclude other assets that are managed on a central basis.

There are no sales or other transactions between business segments.

3. Turnover and Segment Information (Continued)

The segment revenue and results for the six months ended 31 December 2017

	Network solutions and project services HK\$'000	Property investment HK\$'000	Yacht building HK\$'000	Minerals exploration HK\$'000	Total HK\$'000
Segment revenue	10,816	2,472	—	—	13,288
Segment results	1,688	2,054	—	—	3,742
Depreciation of property, plant and equipment	(55)	(81)	(57)	(114)	(307)
Fair value gains on investment properties	—	24,896	—	—	24,896
Unallocated expenses (Note)					(19,430)
Interest income					1,272
Profit before taxation					10,173

Note: Unallocated expenses mainly include unallocated employee benefit expenses and reimbursement of sharing of administrative services incurred at corporate level.



3. Turnover and Segment Information (Continued)

The segment revenue and results for the six months ended 31 December 2016

	Network solutions and project services HK\$'000	Property investment HK\$'000	Yacht building HK\$'000	Minerals exploration HK\$'000	Total HK\$'000
Segment revenue	11,724	827	—	—	12,551
Segment results	2,017	686	—	—	2,703
Depreciation of property, plant and equipment	(16)	(81)	(56)	(137)	(290)
Fair value gains on investment properties	—	1,162	—	—	1,162
Unallocated expenses (Note)					(20,221)
Interest income					1,025
Loss before taxation					(15,621)

Note: Unallocated expenses mainly include unallocated employee benefit expenses and reimbursement of sharing of administrative services incurred at corporate level.

3. Turnover and Segment Information (Continued)

Segment Assets

For the period ended 31 December 2017

	Network solutions and project services HK\$'000	Property investment HK\$'000	Yacht building HK\$'000	Minerals exploration HK\$'000	Total HK\$'000
Total segment assets	9,054	331,187	56,936	67,333	464,510
Unallocated:					
Cash and bank balances					45,769
Other unallocated assets					57,413
Consolidated total assets					567,692

For the year ended 30 June 2017

	Network solutions and project services HK\$'000	Property investment HK\$'000	Yacht building HK\$'000	Minerals exploration HK\$'000	Total HK\$'000
Total segment assets	7,632	149,971	47,635	57,786	263,024
Unallocated:					
Cash and bank balances					220,614
Other unallocated assets					57,385
Consolidated total assets					541,023



4. Other Income

	Six months ended 31 December	
	2017 HK\$'000	2016 HK\$'000
Interest income	1,272	1,025
Sundry income	—	6
	1,272	1,031

5. Other Expenses

Major expenses included in other expenses are analysed as follows:

	Six months ended 31 December	
	2017 HK\$'000	2016 HK\$'000
Auditor's remuneration	740	675
Direct operating expenses from investment properties that generate rental income	418	141
Exchange loss — net	238	643
Operating lease rentals for land and buildings	1,162	1,147
Legal and professional fee	1,220	1,293
Loss on written off of property, plant and equipment	—	13
Reimbursement of sharing of administrative services	4,527	5,098

6. Income Tax Expense

No Hong Kong profits tax has been provided for the period ended 31 December 2017 (2016: HK\$19,000) as the Group did not have assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

	Six months ended 31 December	
	2017 HK\$'000	2016 HK\$'000
Current tax		
— Hong Kong profits tax	—	(19)
Deferred tax		
— Origination of temporary differences	(898)	(758)
Total income tax expense	(898)	(777)

7. Earnings/(Loss) Per Share

The calculations of basic and diluted earnings/(loss) per share are based on the following information:

	Six months ended 31 December	
	2017 HK\$'000	2016 HK\$'000
Profit/(Loss) for the period attributable to owners of the Company, as used in the calculation of basic and diluted earnings/(loss) per share	10,403	(14,999)



7. Earnings/(Loss) Per Share (Continued)

	Six months ended 31 December	
	2017 '000 (Note (a))	2016 '000 (Restated) (Note (b))
Number of shares		
Weighted average number of ordinary shares for calculating basic earnings/(loss) per share	3,895,673	3,032,451
Effect of dilutive potential ordinary shares upon the exercise of share options	78,309	—
Weighted average number of ordinary shares and potential ordinary shares for calculating diluted earnings/(loss) per share	3,973,982	3,032,451

Note:

- (a) Diluted earnings per share for the period ended 31 December 2017 assumed the effect of exercise of share options outstanding during the period since they would have dilutive effect.
- (b) The share options were not assumed to be exercised as they would have anti-dilutive impact to the basic loss per share for the period ended 31 December 2016.

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share have been adjusted for the bonus element of the rights issue completed on 29 March 2017.



8. Movements in Property, Plant and Equipment and Investment Properties

(a) Property, plant and equipment

During the period ended 31 December 2017, the Group spent approximately HK\$209,000 (31 December 2016: HK\$32,000) on furniture, fixtures and equipment and HK\$Nil (31 December 2016: HK\$67,000) on leasehold improvement. The Group disposed of office equipment with net book value of HK\$20,000 during the period ended 31 December 2017 (31 December 2016: HK\$Nil) at consideration of HK\$20,000. The Group wrote off of furniture, fixtures and equipment with net book value of HK\$13,000 for the period ended 31 December 2016.

(b) Investment properties

On 22 September 2017, the Group acquired an office premise and two car parking spaces located in Wanchai, Hong Kong from an independent third party at an aggregate consideration of HK\$154,700,000 (including directly attributable acquisition costs).

The Group's investment properties were revalued on an open market value basis by an independent professional qualified valuer who hold a recognised relevant professional qualification and has relevant experience in the locations and segments of the investment properties valued. As a result, the investment properties were revalued to approximately HK\$329,890,000 (30 June 2017: HK\$149,175,000), which represents their recoverable amount, and fair value gains of approximately HK\$24,896,000 was recorded in the condensed consolidated income statement for the period ended 31 December 2017 (31 December 2016: fair value gains of HK\$1,162,000).



8. Movements in Property, Plant and Equipment and Investment Properties (Continued)

(b) Investment properties (Continued)

The fair value measurements information for these properties in accordance with HKFRS 13 are given below:

	Quoted prices in active markets for identical assets (Level 1) HK\$'000	Significant other observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	Total HK\$'000
At 31 December 2017				
Investment properties:				
— Residential property — Beijing	—	—	22,800	22,800
— Office unit— Beijing	—	—	13,560	13,560
— Office units — Hong Kong	—	274,800	—	274,800
— Industrial properties				
— Hong Kong	—	9,500	—	9,500
— Carparks — Hong Kong	—	9,230	—	9,230
	—	293,530	36,360	329,890

8. Movements in Property, Plant and Equipment and Investment Properties (Continued)

(b) Investment properties (Continued)

	Quoted prices in active markets for identical assets (Level 1) HK\$'000	Significant other observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	Total HK\$'000
At 30 June 2017				
Investment properties:				
— Residential property — Beijing	—	—	13,685	13,685
— Office unit — Beijing	—	—	12,190	12,190
— Office units — Hong Kong	—	111,300	—	111,300
— Industrial properties				
— Hong Kong	—	8,700	—	8,700
— Carparks — Hong Kong	—	3,300	—	3,300
	—	123,300	25,875	149,175

There was no transfer between all levels in both periods.

Fair value measurements using significant unobservable inputs

Fair values of the investment properties of the Group were supported by valuations performed by an independent external valuer and are generally derived using the direct comparison method (30 June 2017: direct comparison method). The valuations of residential property and office unit in Beijing were dependent on certain key assumptions that required significant management judgement, including fair market price and age.



8. Movements in Property, Plant and Equipment and Investment Properties (Continued)

(b) Investment properties (Continued)

Fair value measurements using significant unobservable inputs (Continued)

The ranges of unobservable input are similar between the residential properties and office unit. These significant unobservable inputs include:

	Fair value at 31 December 2017	Valuation technique	Unobservable inputs	Range of significant unobservable inputs	Relationship of unobservable inputs to fair value
Residential property — Beijing	HK\$22,800,000 (30 June 2017: HK\$13,685,000)	Direct comparison method	Price per square metre (RMB)	RMB60,606 (30 June 2017: RMB42,196 to RMB43,636)	The higher the fair market price, the higher the property value
Office unit — Beijing	HK\$13,560,000 (30 June 2017: HK\$12,190,000)	Direct comparison method	Price per square metre (RMB)	RMB33,113 (30 June 2017: RMB32,000 to RMB35,000)	The higher the fair market price, the higher the property value

9. Exploration and Evaluation Assets

The Group owns mineral exploration licences in southern and western parts of Mongolia. The additions to the exploration and evaluation assets represent the geological and geophysical costs, drilling and exploration expenses directly attributable to exploration activities.

	As at 31 December 2017 (unaudited) HK\$'000	As at 30 June 2017 (audited) HK\$'000
At beginning of the period	57,267	50,048
Additions	9,657	7,219
At end of the period	66,924	57,267

10. Inventories

	As at 31 December 2017 (unaudited) HK\$'000	As at 30 June 2017 (audited) HK\$'000
Raw materials	694	694
Work in progress	49,163	41,523
Finished goods	290	188
	50,147	42,405

11. Trade Receivables

The Group allows an average credit period of 30 to 60 days to customers. The ageing analysis of trade receivables by invoice date is as follows:

	As at 31 December 2017 (unaudited) HK\$'000	As at 30 June 2017 (audited) HK\$'000
1–30 days	2,839	3,582
31–60 days	943	476
61–90 days	49	996
Over 90 days	3,177	1,774
	7,008	6,828

As of 31 December 2017, trade receivables of HK\$3,768,000 (30 June 2017: HK\$3,126,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default except for a trade receivable amounted to approximately HK\$1,524,000 (30 June 2017: HK\$1,524,000) which is in litigation proceedings to recover the disputed amount from a customer relating to owed payment of the works performed from 2011 to 2013. Management considers this amount is highly probable to be recovered based on external legal advice.



12. Trade Payables

The ageing analysis of trade payables by invoice date is as follows:

	As at 31 December 2017 (unaudited) HK\$'000	As at 30 June 2017 (audited) HK\$'000
0–30 days	2,849	2,928
31–60 days	274	831
61–90 days	338	17
91–180 days	1,566	2,112
	5,027	5,888

13. Share Capital

	No. of shares	HK\$'000
Authorised:		
At 1 July 2016	20,000,000,000	2,000,000
Share capital reduction (Note a)	—	(1,800,000)
At 30 June 2017 and 31 December 2017	20,000,000,000	200,000
Issued and fully paid:		
At 1 July 2016	2,591,838,892	259,184
Issuance of ordinary shares by — rights issue (Note b)	1,295,919,446	129,592
Share capital reduction (Note a)	—	(349,898)
At 30 June 2017	3,887,758,338	38,878
Issuance of ordinary shares by — exercise of share options (Note c)	19,780,156	197
At 31 December 2017	3,907,538,494	39,075



13. Share Capital (Continued)

The total authorised number of ordinary shares is 20,000 million shares (30 June 2017: 20,000 million) with a par value of HK\$0.01 per share (30 June 2017: HK\$0.01 per share).

Note:

- (a) On 20 April 2017, the Company completed the capital reduction. The par value of each issued share was reduced from HK\$0.10 to HK\$0.01 by cancelling the paid-up capital to the extent of HK\$0.09 on each issued share (“**Capital Reduction**”) and the credit arising from the Capital Reduction amounted to HK\$192,958,000 was offset against the accumulated losses of the Company and balance of HK\$156,601,000 was transferred to the share premium account of the Company.
- (b) On 29 March 2017, the Company completed a rights issue of 1,295,919,446 ordinary shares of HK\$0.10 each at a subscription price of HK\$0.18 per share (the “**Rights Issue**”). These new shares rank pari passu in all respect with the existing shares. The net proceeds from the Rights Issue amounted to approximately HK\$227,395,000. The difference between the net proceeds and the nominal value of HK\$97,803,000 was credited to share premium.
- (c) During the period ended 31 December 2017, share options were exercised to subscribe for 19,780,156 ordinary shares of the Company at a consideration of approximately HK\$4,358,000 of which approximately HK\$197,000 was credited to share capital and approximately HK\$4,161,000 was credited to the share premium account. As a result of the exercise of share options, share option reserve of HK\$2,363,000 had been transferred to the share premium account.



14. Operating Lease Commitments

At 31 December 2017, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	As at 31 December 2017 (unaudited) HK\$'000	As at 30 June 2017 (audited) HK\$'000
No later than 1 year	502	780
Later than 1 year and no later than 5 years	—	77
	502	857

At 31 December 2017 and 30 June 2017, the Company had no future aggregate minimum lease payment under non-cancellable operating lease.

As at 31 December 2017, eight out of ten investment properties (30 June 2017: seven out of eight) are leased to tenants under operating leases with rentals payable monthly/quarterly. Minimum lease payments receivable on leases of the investment properties are as follows:

	As at 31 December 2017 (unaudited) HK\$'000	As at 30 June 2017 (audited) HK\$'000
No later than 1 year	4,985	2,044
Later than 1 year and no later than 5 years	5,452	487
	10,437	2,531

There are no contingent rents receivable from the leasing of investment properties.



15. Capital Commitments

The total capital expenditure of exploration activities in Mongolia, which was authorised by the management of the Group, was fully utilised as at 31 December 2017 (30 June 2017: HK\$14,887,000). Such capital expenditure of exploration activities were contributed by equity holders of Mission Wealth Group on a pro-rata basis and the commitment of the Company amounts to HK\$6,938,000 (30 June 2017: HK\$7,592,000).

Capital expenditure contracted for at the end of the period but not yet incurred is as follows:

	As at 31 December 2017 (unaudited) HK\$'000	As at 30 June 2017 (audited) HK\$'000
Exploration drilling	—	1,404
Yacht building	9,359	6,759
	9,359	8,163



16. Related Party Transactions

The Group is controlled by Moral Glory International Limited (“**Moral Glory**”) (incorporated in the British Virgin Islands), whereas the ultimate controlling party of Moral Glory is Mr. Lo Lin Shing, Simon (“**Mr. Lo**”) and Mr. Lo collectively owns 31.93% of the Company’s shares. The remaining 68.07% of the shares are widely held.

- (a) Significant related party transactions, which were carried out in the normal course of the Group’s business and at terms negotiated between the Group and the respective parties, were as follows:

	Six months ended 31 December	
	2017 HK\$’000	2016 HK\$’000
Operating lease rental income from a related company (Note 1)	158	190
Operating lease rental expenses to related companies (Note 2)	650	648
Reimbursement of sharing of administrative services to a related company (Note 1 and 3)	4,527	5,098

Note:

- (1) Related companies are companies in which Mr. Lo is the director.
- (2) Mr. Lo is the director and beneficial owner.
- (3) The service is reimbursed at actual cost incurred.

16. Related Party Transactions (Continued)

- (b) The period/year end balance arising from the related party transactions as included in prepayments, deposits and other receivables and accrued charges and other payables is as follows:

	As at 31 December 2017 (unaudited) HK\$'000	As at 30 June 2017 (audited) HK\$'000
Amounts due from related companies	146	145
Amounts due to related companies	(233)	(101)

The amounts due from/(to) related companies were unsecured and interest-free, and had no fixed terms of repayment.

- (c) Key management compensation of the Group for the period is as follows:

	Six months ended 31 December	
	2017 HK\$'000	2016 HK\$'000
Salaries and other employee benefits	3,339	3,289