

Vision Values

Vision Values Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 862

INTERIM REPORT
2020/2021



This interim report is printed on environmentally friendly paper

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 2020 (the "**Financial Period**").

Financial Results Summary

- Revenue for the Financial Period was HK\$27.3 million (2019: HK\$33.8 million).
- Loss attributable to owners of the Company was HK\$49.3 million (2019: HK\$20.9 million).
- Basic loss per share attributable to owners of the Company was HK cents 1.26 (2019: HK cents 0.53).


Management Discussion and Analysis

Business Review

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

The revenue achieved by NSPS during the Financial Period was HK\$8.6 million (2019: HK\$8.9 million). A slight decrease of 3.4% from last corresponding period. A breakdown of the revenue from NSPS was as follows:

- (i) Telecom solutions was HK\$1.2 million (2019: HK\$0.7 million);
- (ii) Enterprise solutions was HK\$1.7 million (2019: HK\$0.7 million);
- (iii) Project services was HK\$5.2 million (2019: HK\$6.8 million); and
- (iv) System maintenance was HK\$0.5 million (2019: HK\$0.7 million).



During the Financial Period, NSPS received subsidy of HK\$0.7 million from the Employment Support Scheme fund (the “**Employment Fund**”) established by the Hong Kong Government. This subsidy helped to relieve the adverse impact on the NSPS’s business brought by the COVID-19 pandemic.

Among different revenue streams, the revenue generated from telecom solutions was lesser than enterprise solutions. However, in the foreseeable future, the revenue from telecom solutions is expected to exceed the revenue from enterprise solutions since most of the projects on hand are belonging to telecom solutions.

The business of telecom solutions is mainly focused on telecommunication operators and large organizations with private telecommunication infrastructure. These companies or organizations are either delayed or canceled their projects due to the economic uncertainty caused by the COVID-19 pandemic. However, they still need to maintain their infrastructure to function normally. Therefore, they will source new systems only on needed basis. For enterprises clients, they preferred to keep a low cash burn rate to sustain their existing business until the economic turnaround. The drop of the sales in the enterprise solutions is inevitable.

2. Property Investment

The policy of the Group’s investment properties is holding to earn rentals and/or for capital appreciation. The management will review the Group’s property portfolio from time to time in order to achieve this policy. The revenue for the Financial Period was HK\$3.4 million (2019: HK\$3.2 million). At the end of the Financial Period, all the investment properties were renting out except for the commercial building at 17/F., Henan Building, Wan Chai, Hong Kong.

3. Yacht Construction and Trading

During the Financial Period, the yacht under construction (the “**Yacht**”) was launched and then towed out of drydock and moored at a fitting-out berth. While the Yacht is afloat, we are moving to the outfitting and surveying stage. Outfitting, is the process that follows the launching of the Yacht and precedes sea trial. During this period, all the remaining construction of the Yacht will be completed.

Barring any unforeseen circumstances, the sea trial of the Yacht will be conducted within the first half of 2021.

4. **Exploration and Evaluation of Mineral Resources**

FVSP LLC (“**FVSP**”), a 51% owned indirect subsidiary, holds a mining license number MV-021621 with gold and other mineral resources in Mongolia covering approximately 7,120 hectares (the “**Zoolon Gold Project**”). Based on the latest information, the estimated mineral resource in the main target area of Zoolon Gold Project is approximately 7.2 tonnes of gold under category B (measured) and 4.8 tonnes of gold under category C (indicated) under Mongolian official standard. Apart from the main target area, our in-house geologist also identified four key target areas (internally named as Target 3, Target 10, Target 15 and Target 18) and six other potential target areas (internally named as Target 9, Target 13, Target 14, Target 16, Target 17 and Target 19) for further exploration.

During the Financial Period, the assessment of different development options for Zoolon Gold Project was still ongoing. For the exploration works, we were mainly working on Target 15 but the progress was not smooth sailing. First of all, our field work was commenced from July 2020 after the official granting of the mining license to FVSP. This resulted in the losing of two and half months when compared to a normal exploration season. Besides, the Mongolian government imposed various precautionary procedures to combat COVID-19 pandemic such as travel restriction, home-office order etc. These measures were also affecting our work efficiency.

5. **Private Jet Management Services (“PJM”)**

At the end of the Financial Period, three private jets were under aircraft management contracts and two aircrafts were under ad hoc management contracts. The revenue for the Financial Period was HK\$15.2 million (2019: HK\$21.7 million). The major reason for the sharp decrease in revenue was due to the downgrade of a full management contract to an ad hoc management contract for one of the aircrafts.



Financial Review

I. Results Analysis

Revenue

During the Financial Period, the Group's revenue decreased to HK\$27.3 million (2019: HK\$33.8 million). Around 55.9% (2019: 64.2%) of the Group's revenue was generated from the private jet management services. The Group's another core business is NSPS and it contributed around 31.7% (2019: 26.4%) of the total revenue. The remaining revenue was generated from property investment.

Other gains, net

Other gains, net were HK\$2.7 million (2019: HK\$0.6 million). Included in the other gains, net was the Employment Fund received by the Group of HK\$2.1 million (2019: Nil).

Fair value losses on investment properties

The fair values of the Group's investment properties at the end of the Financial Period were valued by an independent qualified valuer. The net decrease in carrying values consisted of (i) fair value loss on investment properties of HK\$37.3 million (2019: HK\$6.8 million) and (ii) gain on currency translation of HK\$3.0 million on our investment properties in China (2019: loss on currency translation of HK\$0.7 million). The COVID-19 outbreak has taken its toll on Hong Kong's economy. The significant decrease in the fair values is mainly due to the unfavorable property market conditions in Hong Kong under the COVID-19 pandemic.

Other expenses

The major components of other expenses are: (a) auditor's remuneration of HK\$0.7 million (2019: HK\$1.1 million); (b) legal and professional fee of HK\$1.1 million (2019: HK\$1.0 million); and (c) reimbursement of sharing of administrative services at cost basis of HK\$3.6 million (2019: HK\$3.3 million).

Finance costs

For the Financial Period, finance costs increased to HK\$0.8 million (2019: HK\$0.6 million). The increase in finance costs was mainly due to the increase in bank and other borrowings.

2. **Liquidity and Financial Resources**

The Group had a short-term revolving bank loan facility totaling HK\$71.0 million as at the end of the Financial Period (30 June 2020: HK\$38.0 million), all of which had been drawn and outstanding. The bank loan facility is secured by an office premise and two parking spaces under the Group's investment properties portfolio. The interest costs of the bank borrowings was charged at Hong Kong interbank offer rate ("HIBOR") plus 1.5% per annum. Besides, Mr. Lo Lin Shing, Simon ("**Mr. Lo**"), being the Chairman and Director of the Company has provided a revolving standby facility amounting to HK\$26.0 million by way of advances to the Group. The advances from Mr. Lo is unsecured, charged interest at HIBOR plus 2.5% per annum and repayable on or before 31 December 2021. As at 31 December 2020, advances from Mr. Lo amounted to HK\$5.0 million (30 June 2020: HK\$8.7 million).

3. **Gearing**

As at 31 December 2020, the gearing ratio of the Group was 16.1% (30 June 2020: 9.7%) which was calculated based on the Group's total borrowings to total assets.

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 2020, the Group did not have material contingent liabilities (30 June 2020: Nil).



Business Outlook and Development

The roll-out of COVID-19 vaccination on a mass scale globally reveals light at the end of tunnel for the world recovery from the economic downturn. The Company believes that 2021 will be a year of slow but steady recovery from the economic crisis provided that the COVID-19 vaccination can deliver the desired result. However, all our business segments in the meantime are still negatively impacted by the COVID-19 pandemic.

As at 31 December 2020, the total amount of projects on hand for NSPS was approximately HK\$9.7 million. Among them, HK\$8.7 million belonged to the project services. As mentioned in the announcement of the Company dated 30 October 2020, NSPS lost a major customer in project services. These outstanding orders on hand were mainly uncompleted orders from this customer at the end of the Financial Period. After completion of these orders, we expect there will be substantial drop in revenue from NSPS.

In the near term, we are not optimistic of the business prospects of NSPS due to the prevailing COVID-19 epidemic poses poor economic outlook in Hong Kong and the failure to secure a new cellular station construction contract with a key customer.

For the property investment segment, there are two office rental contracts to be expired in 2021. Based on current office market rental conditions, we foresee the new rental values will be adjusted downward due to the impact from COVID-19 pandemic.

For the private jet management segment, the business will only be resumed to normal until the recovery of global air traffic to pre-COVID-19 level.

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, 24 February 2021

Corporate Governance and Other Information

Interim Dividend

The Board has resolved not to declare any interim dividend for the Financial Period (2019: Nil).

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

As at 31 December 2020, 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			Percentage of shareholding
	Personal interests	Spouse interests	Corporate interests	Personal Interests pursuant to share options	Corporate interests	Total interests	
Mr. Lo Lin Shing, Simon (" Mr. Lo ")	1,755,000	-	1,246,054,889 ^{(b)(2)(c)}	35,000,000	-	1,282,809,889	32.69%
Mr. Ho Hau Chong, Norman	17,821,973	-	-	20,000,000	-	37,821,973	0.96%
Ms. Yvette Ong	-	-	-	15,000,000	-	15,000,000	0.38%
Mr. Lo, Rex Cze Kei	-	-	-	20,000,000	-	20,000,000	0.51%
Mr. Lo, Chris Cze Wai	-	-	-	5,000,000	-	5,000,000	0.13%
Mr. Tsui Hing Chuen, William JP	1,365,131	-	-	10,000,000	-	11,365,131	0.29%
Mr. Lau Wai Piu	-	-	-	10,000,000	-	10,000,000	0.25%
Mr. Lee Kee Wai, Frank	6,404,605	-	-	10,000,000	-	16,404,605	0.42%

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 ^(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 2020, 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 2020, 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)	–	1,282,809,889	–	1,282,809,889	32.69%
Moral Glory	1,246,054,889	–	–	1,246,054,889	31.75%

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 of the Company and its associated corporation”, 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 2020.

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 2020 and 31 Dec 2020
Mr. Lo	07/04/2017	0.290	07/04/2017 to 06/04/2022	N/A	17,000,000
	25/03/2020	0.274	25/03/2020 to 24/03/2025	N/A	18,000,000
Mr. Ho Hau Chong, Norman	07/04/2017	0.290	07/04/2017 to 06/04/2022	N/A	10,000,000
	25/03/2020	0.274	25/03/2020 to 24/03/2025	N/A	10,000,000
Ms. Yvette Ong	07/04/2017	0.290	07/04/2017 to 06/04/2022	N/A	5,000,000
	25/03/2020	0.274	25/03/2020 to 24/03/2025	N/A	10,000,000
Mr. Lo, Rex Cze Kei	07/04/2017	0.290	07/04/2017 to 06/04/2022	N/A	10,000,000
	25/03/2020	0.274	25/03/2020 to 24/03/2025	N/A	10,000,000
Mr. Lo, Chris Cze Wai	25/03/2020	0.274	25/03/2020 to 24/03/2025	N/A	5,000,000
Mr. Tsui Hing Chuen, William P	07/04/2017	0.290	07/04/2017 to 06/04/2022	N/A	5,000,000
	25/03/2020	0.274	25/03/2020 to 24/03/2025	N/A	5,000,000
Mr. Lau Wai Piu	07/04/2017	0.290	07/04/2017 to 06/04/2022	N/A	5,000,000
	25/03/2020	0.274	25/03/2020 to 24/03/2025	N/A	5,000,000
Mr. Lee Kee Wai, Frank	07/04/2017	0.290	07/04/2017 to 06/04/2022	N/A	5,000,000
	25/03/2020	0.274	25/03/2020 to 24/03/2025	N/A	5,000,000

Name or category of participants	Date of grant	Exercise price HK\$	Exercise period	Vesting period	Number of shares subject to options
					As at 1 July 2020 and 31 Dec 2020
Employees and others in aggregate (including directors of certain subsidiaries)	07/04/2017	0.290	07/04/2017 to 06/04/2022	N/A	63,000,000
	19/06/2018	0.496	19/12/2018 to 18/06/2023	19/06/2018 to 18/12/2018	6,250,000
	19/06/2018	0.496	19/06/2019 to 18/06/2023	19/06/2018 to 18/06/2019	6,250,000
	19/06/2018	0.496	19/12/2019 to 18/06/2023	19/06/2018 to 18/12/2019	6,250,000
	19/06/2018	0.496	19/06/2020 to 18/06/2023	19/06/2018 to 18/06/2020	6,250,000
	25/03/2020	0.274	25/03/2020 to 24/03/2025	N/A	83,000,000
Total					296,000,000

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 the sustainable development of the Group. The Board also believes that good corporate governance practices can facilitate 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 I4 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 independent 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.

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- 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, any newly appointed directors shall hold office only until the next following annual general meeting (the "**AGM**") and shall then be eligible for re-election at that meeting. Furthermore, the director re-election process participating by the shareholders in the 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 of the Company.

Due to another business engagement, the Chairman of the Board did not attend the 2020 AGM. The chairman of the Audit and Remuneration Committees of the Company had chaired the 2020 AGM and answered shareholders' questions. The AGM of the Company provides a channel for communication between the Board and the shareholders.

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 Code is sent to each director on his initial appointment and from time to time when the same is amended or restated.

The Company has also established written guidelines on terms no less exacting than the Model Code (the “**Employees’ Guidelines**”) 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 Financial Period, no incident of non-compliance with the Employees’ Guidelines by the employees was noted.

During the period of thirty days immediately preceding and including the publication date 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.

The Company Secretary will send reminders prior to the commencement of such period to all directors and relevant employees. Having made 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 2020, the Group had a total of 38 full-time employees (30 June 2020: 38). 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 senior 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 of the Group for the six months ended 31 December 2020.

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

Mr. Lo, Chris Cze Wai

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 2020

	Note	Six months ended 31 December 2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	3	27,256	33,804
Other gains, net	4	2,672	599
Changes in inventories of finished goods and work in progress		(2,178)	(1,359)
Subcontracting fees for project services		(4,339)	(5,915)
Direct operating costs for private jet management services		(9,395)	(13,854)
Fair value losses on investment properties	9(b)	(37,257)	(6,800)
Employee benefit expenses		(14,215)	(15,353)
Depreciation		(1,287)	(1,280)
Other expenses	6	(10,527)	(10,406)
Operating loss		(49,270)	(20,564)
Finance income	5	3	23
Finance costs	5	(789)	(588)
Loss before income tax		(50,056)	(21,129)
Income tax expense	7	(8)	(573)
Loss for the period		(50,064)	(21,702)
Loss attributable to:			
Owners of the Company		(49,252)	(20,872)
Non-controlling interest		(812)	(830)
		(50,064)	(21,702)
Loss per share attributable to owners of the Company for the period (HK cents)			
– Basic loss per share	8	(1.26)	(0.53)
– Diluted loss per share		(1.26)	(0.53)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2020

	Six months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Loss for the period	(50,064)	(21,702)
Other comprehensive income/(loss):		
Item that may be subsequently reclassified to profit or loss:		
– Currency translation differences	3,053	(654)
Total comprehensive loss for the period	(47,011)	(22,356)
Attributable to:		
Owners of the Company	(46,199)	(21,526)
Non-controlling interest	(812)	(830)
Total comprehensive loss for the period	(47,011)	(22,356)

Condensed Consolidated Statement of Financial Position

As at 31 December 2020

	Note	As at 31 December 2020 HK\$'000 (unaudited)	As at 30 June 2020 HK\$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	9(a)	6,572	6,752
Right-of-use assets	9(a)	878	1,089
Investment properties	9(b)	266,846	301,070
Exploration and evaluation assets	10	66,204	53,785
Rental deposits		71	–
		340,571	362,696
Current assets			
Inventories	11	94,792	84,110
Trade receivables	12	4,947	5,814
Prepayments, deposits and other receivables		11,987	9,247
Contract assets		3,792	3,897
Cash and bank balances		16,456	15,940
		131,974	119,008
Total assets		472,545	481,704

	Note	As at 31 December 2020 HK\$'000 (unaudited)	As at 30 June 2020 HK\$'000 (audited)
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	15	39,242	39,242
Other reserves		492,669	489,616
Accumulated losses		(213,281)	(164,029)
		318,630	364,829
Non-controlling interest		34,575	28,290
Total equity		353,205	393,119
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		2,859	2,951
Lease liabilities		186	–
		3,045	2,951
Current liabilities			
Trade payables	13	1,418	1,468
Accrued charges and other payables		32,365	31,711
Contract liabilities		5,775	4,599
Bank borrowings	14	71,000	38,000
Advances from a Director	18(b)	5,009	8,732
Lease liabilities		728	1,124
		116,295	85,634
Total liabilities		119,340	88,585
Total equity and liabilities		472,545	481,704
Net current assets		15,679	33,374

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2020

	Note	Unaudited Six months ended 31 December 2020 HK\$'000	2019 HK\$'000
Cash flows from operating activities:			
Net cash used in operating activities		(22,353)	(22,890)
Cash flows from investing activities:			
Purchase of property, plant and equipment	9(a)	(333)	(527)
Proceeds from disposal of property, plant and equipment	9(a)	5	–
Additions to exploration and evaluation assets	10	(12,419)	(19,548)
Interest received		3	23
Net cash used in investing activities		(12,744)	(20,052)
Cash flows from financing activities:			
Bank borrowings	14	33,000	32,500
Repayment to a Director		(3,700)	–
Contribution from a non-controlling interest		7,097	9,048
Interest expenses		(804)	(588)
Net cash generated from financing activities		35,593	40,960
Net increase/(decrease) in cash and cash equivalents		496	(1,982)
Cash and cash equivalents at beginning of the period		15,940	26,755
Effect on foreign exchange rate changes		20	(2)
Cash and cash equivalents at end of the period		16,456	24,771

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2020

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Other 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 2020 (audited)	39,242	443,727	2,366	46,734	(3,211)	(164,029)	364,829	28,290	393,119
Comprehensive loss									
– Loss for the period	-	-	-	-	-	(49,252)	(49,252)	(812)	(50,064)
Other comprehensive loss									
– Currency translation differences	-	-	-	-	3,053	-	3,053	-	3,053
Total comprehensive loss for the period	-	-	-	-	3,053	(49,252)	(46,199)	(812)	(47,011)
Contribution from non-controlling interests	-	-	-	-	-	-	-	7,097	7,097
Total transactions with owners recognized directly in equity	-	-	-	-	-	-	-	7,097	7,097
At 31 December 2020 (unaudited)	39,242	443,727	2,366	46,734	(158)	(213,281)	318,630	34,575	353,205

Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 31 December 2019

	Attributable to owners of the Company								Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Share option reserve HK\$'000	Currency translation reserve HK\$'000	Accumulated losses HK\$'000	Total	Non- controlling interests HK\$'000	
							HK\$'000		
At 1 July 2019 (audited)	39,242	443,727	2,366	46,091	(1,902)	(76,450)	453,074	19,204	472,278
Comprehensive loss									
– Loss for the period	–	–	–	–	–	(20,872)	(20,872)	(830)	(21,702)
Other comprehensive loss									
– Currency translation differences	–	–	–	–	(654)	–	(654)	–	(654)
Total comprehensive loss for the period	–	–	–	–	(654)	(20,872)	(21,526)	(830)	(22,356)
Share-based payment	–	–	–	1,078	–	–	1,078	–	1,078
Total contributions by owners of the company recognised directly in equity	–	–	–	1,078	–	–	1,078	–	1,078
Contribution from non-controlling interests	–	–	–	–	–	–	–	9,048	9,048
Total transactions with owners recognised directly in equity	–	–	–	1,078	–	–	1,078	9,048	10,126
At 31 December 2019 (unaudited)	39,242	443,727	2,366	47,169	(2,556)	(97,322)	432,626	27,422	460,048



Notes to the Condensed Consolidated Financial Statements

I. 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, minerals exploration in Mongolia and provision of private jet management services in Hong Kong.

The Company is a limited liability company incorporated in the Cayman Islands. The address of its principal place of business is Unit 902, 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**”).

The condensed consolidated interim financial information (the “**Interim Financial Information**”) is presented in Hong Kong dollar (“**HK\$**”), unless otherwise stated.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial information for the six months ended 31 December 2020 has been prepared in accordance with the applicable disclosure requirements of Appendix I6 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It should be read in conjunction with the annual financial statements for the year ended 30 June 2020, prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”)

Except as described below, the accounting policies applied are consistent with those used in the annual financial statements for the year ended 30 June 2020.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

(a) **New standards, amendments to standards and interpretations to existing standards adopted by the Group**

The following amendments to standards are mandatory for the first time for the financial period beginning 1 July 2020 and currently relevant to the Group:

Amendments to HKFRS 3	Definition of a business
Amendment to HKFRS 16	COVID-19-Related Rent Concessions
Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Hedge accounting

Excepted as described in Note 2(b) below, there are no other new standards or amendments to standards that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

(b) **Change in accounting policies**

Amendments to HKAS 1 and HKAS 8, “Definition of Material”

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements, for the year ending 30 June 2021.



3. TURNOVER AND SEGMENT INFORMATION

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

The chief operating decision maker has been identified as the executive directors of the Company. 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.

3. TURNOVER AND SEGMENT INFORMATION (Continued)

The segment revenue and results for the six months ended 31 December 2020

	Network solutions and project services	Property investment	Yacht building	Minerals exploration	Private jet Management services	Elimination	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue							
External sales	8,636	3,377	-	-	15,243	-	27,256
Inter-segment sales	184	-	-	-	-	(184)	-
	8,820	3,377	-	-	15,243	(184)	27,256
Segment results	1,900	2,709	-	-	5,848		10,457
Depreciation	(175)	-	-	(100)	(827)		(1,102)
Fair value loss on investment properties	-	(37,257)	-	-	-		(37,257)
Unallocated expenses (Note)							(22,157)
Interest income							3
Loss before income tax							(50,056)

Note: Unallocated expenses mainly include unallocated employee benefit expenses, legal and professional fees 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 2019

	Network solutions and project services HK\$'000	Property investment HK\$'000	Yacht building HK\$'000	Minerals exploration HK\$'000	Private jet Management services HK\$'000	Total HK\$'000
Segment revenue	8,913	3,195	-	-	21,696	33,804
Segment results	1,366	2,512	-	-	7,842	11,720
Depreciation	(194)	-	(10)	(105)	(824)	(1,133)
Fair value loss on investment properties	-	(6,800)	-	-	-	(6,800)
Unallocated expenses (Note)						(24,939)
Interest income						23
Loss before income tax						(21,129)

There were no sales or other transactions between business segments for the six months ended 31 December 2019.

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

3. TURNOVER AND SEGMENT INFORMATION (Continued)

Segment Assets

As at 31 December 2020

	Network solutions and project services HK\$'000	Property investment HK\$'000	Yacht building HK\$'000	Minerals exploration HK\$'000	Private jet management services HK\$'000	Total HK\$'000
Total segment assets	6,095	267,368	99,325	67,077	10,015	449,880
Unallocated:						
Cash and bank balances						16,456
Other unallocated assets						6,209
Consolidated total assets						472,545

As at 30 June 2020

	Network solutions and project services HK\$'000	Property investment HK\$'000	Yacht building HK\$'000	Minerals exploration HK\$'000	Private jet management services HK\$'000	Total HK\$'000
Total segment assets	6,033	301,716	87,354	54,770	7,816	457,689
Unallocated:						
Cash and bank balances						15,940
Other unallocated assets						8,075
Consolidated total assets						481,704

4. OTHER GAINS, NET

	Six months ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
Gain on disposal of property, plant and equipment	5	–
Government subsidies	2,067	–
Sundry income	600	599
	2,672	599

5. FINANCE INCOME AND COST

	Six months ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
Finance income		
– Bank interest income	3	23
Finance costs		
– Interest expense on bank borrowings	(731)	(506)
– Interest expense on advances from a Director (Note 18(a))	(33)	–
– Interest expenses arising from lease liabilities	(25)	(82)
	(789)	(588)

6. OTHER EXPENSES

Major expenses included in other expenses are analysed as follows:

	Six months ended	
	31 December	
	2020	2019
	HK\$'000	HK\$'000
Auditor's remuneration	730	1,050
Direct operating expenses from investment properties that generate rental income	668	682
Exchange losses – net	253	162
Legal and professional fees	1,083	985
Reimbursement of sharing of administrative services (Note 18(a))	3,571	3,311

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits 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 jurisdiction in which the Group operates.

	Six months ended	
	31 December	
	2020	2019
	HK\$'000	HK\$'000
Current tax		
– Hong Kong profits tax	100	350
– Over-provision in prior year	–	(10)
Deferred tax		
– Origination of temporary differences	(92)	233
Total income tax expense	8	573

8. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following data:

	Six months ended 31 December 2020		2019
Loss attributable to owners of the Company, as used in the calculation of basic and diluted loss per share (HK\$'000)	49,252		20,872
Weighted average number of ordinary shares in issue for the purpose of basic and diluted loss per share (in thousands)	3,924,190		3,924,190

The computation of diluted loss per share for both periods did not assumed the exercise of share options since assuming the exercise of the share options would result in a decrease in loss per share.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTIES

(a) Property, plant and equipment and right-of-use assets

During the period ended 31 December 2020, the Group spent approximately HK\$2,000 (2019: HK\$391,000) on furniture, fixtures and equipment, HK\$Nil (2019: HK\$136,000) on computer equipment and HK\$331,000 (2019: HK\$Nil) on motor vehicle. The Group disposed of a motor vehicle with net book value of HK\$Nil for the period ended 31 December 2020 at consideration of HK\$5,000. The Group wrote off office equipment with net book value of HK\$15,000 during the period ended 31 December 2020. There were no significant capital expenditures spent on right-of-use assets for either periods.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTIES (Continued)

(b) Investment properties

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 and the fair values of the investment properties of the Group were updated by this valuer using the direct comparison valuation techniques (30 June 2020: same). As a result, the investment properties were revalued to approximately HK\$266,846,000 at 31 December 2020 (30 June 2020: HK\$301,070,000), which represents their recoverable amounts, and fair value losses of approximately HK\$37,257,000 was recorded in the condensed consolidated income statement for the period ended 31 December 2020 (2019: fair value loss of HK\$6,800,000).

10. EXPLORATION AND EVALUATION ASSETS

The Group owns a mineral mining license in 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 2020 (unaudited) HK\$'000	As at 30 June 2020 (audited) HK\$'000
At beginning of the period/year	53,785	32,531
Additions	12,419	21,254
At end of the period/year	66,204	53,785

Note: As at 30 June 2020, the Group held one exploration license. In July 2020, this exploration license had been replaced by a mining license, which was issued and granted for an initial period of 30 years.

11. INVENTORIES

	As at 31 December 2020 (unaudited) HK\$'000	As at 30 June 2020 (audited) HK\$'000
Work in progress (Note)	94,570	83,846
Finished goods	222	264
	94,792	84,110

Note: As at 30 June 2020, the management has assessed the net realisable value of work in progress in respect of yacht building segment, taking the estimated costs to completion and the latest market prices less selling expenses into consideration. The management has engaged an independent valuer, Roma Appraisals Limited, to carry out valuation under market approach. The assessed net realisable value was below the carrying amounts of the work in progress in respect of yacht building segment. Accordingly, an impairment of HK\$19.8 million was recognised in consolidated statement of profit or loss for the year ended 30 June 2020.

12. 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 2020 (unaudited) HK\$'000	As at 30 June 2020 (audited) HK\$'000
1 – 30 days	3,057	5,566
31 – 60 days	1,452	190
61 – 90 days	430	-
Over 90 days	8	58
	4,947	5,814

None of the trade receivables were impaired as at 31 December 2020 (30 June 2020: Nil) and the carrying amounts of trade receivables approximate their fair values.

13. TRADE PAYABLES

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

	As at 31 December 2020 (unaudited) HK\$'000	As at 30 June 2020 (audited) HK\$'000
0 – 30 days	828	1,305
31 – 60 days	199	12
61 – 90 days	16	129
91 – 180 days	375	22
	1,418	1,468

14. BANK BORROWINGS

	As at 31 December 2020 (unaudited) HK\$'000	As at 30 June 2020 (audited) HK\$'000
Secured:		
Bank borrowings – within 1 year	71,000	38,000

The bank borrowings are secured by the Group's investment properties in relation to an office premise and two car parking spaces located at Wan Chai. The interest rate is charged at 1.5% per annum over HIBOR or 0.5% per annum over cost of fund of the bank, whichever is higher.

15. SHARE CAPITAL

	No. of share	HK\$'000
Authorised:		
At 1 July 2019, 30 June 2020 and 31 December 2020 with a par value of HK\$0.01 per share	20,000,000,000	200,000
Issued and fully paid:		
At 1 July 2019, 30 June 2020 and 31 December 2020	3,924,190,467	39,242

16. OPERATING LEASE COMMITMENTS

At 31 December 2020, the Group had total future aggregate minimum lease payments in respect of short-term non-cancellable operating leases as follows:

	As at 31 December 2020 (unaudited) HK\$'000	As at 30 June 2020 (audited) HK\$'000
No later than 1 year	194	350
Later than 1 year and no later than 5 years	–	–
	194	350

During the period ended 31 December 2020, eight out of nine investment properties (30 June 2020: eight out of nine) 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:

16. OPERATING LEASE COMMITMENTS (Continued)

	As at 31 December 2020 (unaudited) HK\$'000	As at 30 June 2020 (audited) HK\$'000
No later than 1 year	3,411	3,537
Later than 1 year and no later than 5 years	2,409	2,976
	5,820	6,513

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

17. CAPITAL COMMITMENTS

The total capital expenditure of exploration activities in Mongolia which was authorised by management of the Group but not contracted for as at 31 December 2020 was HK\$Nil (30 June 2020: HK\$24,775,000). 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\$Nil (30 June 2020: HK\$12,635,000).

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

	As at 31 December 2020 (unaudited) HK\$'000	As at 30 June 2020 (audited) HK\$'000
Exploration activities	6,655	-
Yacht building	1,855	2,441
	8,510	2,441

18. 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 31.80% of the Company's shares. The remaining 68.20% of the shares are widely held.

The Directors are of the view that the following entities were related parties that had transactions or balances with the Group during the period/year.

Name	Relationship with the Group
Mongolia Energy Corporation (Greater China) Limited (" MEC Greater China ")	A company of which Mr. Lo and Ms. Yvette Ong are the directors
Island Oasis Shipbuilding Limited (" Island Oasis ")	A company of which Mr. Lo and Mr. Lo, Rex Cze Kei are the directors and Mr. Lo is the beneficial owner
Mongolia Energy Corporation Limited (" MEC ")	Except Mr. Ho Hau Chong, Norman, the Board of Directors of the Company and the related company are the same
Cambo Management Limited (" Cambo Management ")	A company of which Mr. Lo, Mr. Lo, Rex Cze Kei and Mr. Lo, Chris Cze Wai are the directors and Mr. Lo is beneficial owner
Vision Aviation Services Limited (" Vision Aviation ")	A company of which a director of a subsidiary of the Group is the director and beneficial owner

18. RELATED PARTY TRANSACTIONS (Continued)

- (a) Other than transactions disclosed in the Interim Financial Information, 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	
	2020	2019
	HK\$'000	HK\$'000
Operating lease rental income from a related company		
– MEC Greater China	155	158
Operating lease rental expenses to related companies		
– Island Oasis	558	558
– Cambo Management	821	763
Interest on lease liabilities to Cambo Management	16	80
Reimbursement of sharing of administrative services to MEC (Note)	3,571	3,311
Interest expenses paid/payable to a Director	33	-

Note: The administrative service is reimbursed at actual cost incurred.

18. RELATED PARTY TRANSACTIONS (Continued)

- (b) Period/year end balance arising from advances from a Director and 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 2020 (unaudited) HK\$'000	As at 30 June 2020 (audited) HK\$'000
Amounts due from related companies (Note (i))		
– Island Oasis	65	130
– Cambo Management	50	50
– MEC	–	12
Amounts due to related companies (Note (i))		
– Island Oasis	(28)	–
– MEC Greater China	(49)	(53)
– MEC	(290)	–
Advances from a Director (Note (ii))	(5,009)	(8,732)

Note:

- (i) The amounts due from/(to) related companies were unsecured and interest-free, and had no fixed terms of repayment.
- (ii) The amounts are unsecured, repayable on demand and interest-bearing at HIBOR plus 2.5% per annum.
- (c) Key management compensation of the Group for the year is as follows:

	Six months ended 31 December 2020 HK\$'000	2019 HK\$'000
Salaries and other employee benefits	4,616	4,257