

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

VISION VALUES HOLDINGS LIMITED

遠見控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 862)

INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

The board of directors (the “**Board**”) of Vision Values Holdings Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 31 December 2022 (the “**Financial Period**”) together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2022

		Six months ended	
		31 December	
		2022	2021
		HK\$'000	HK\$'000
	<i>Note</i>	(unaudited)	(Restated and unaudited)
Continuing operations			
Revenue	2	164,890	19,089
Other gains, net	3	1,120	543
Changes in inventories of finished goods and work in progress		(903)	(1,306)
Subcontracting fees for project services		(1,289)	(328)
Direct operating costs for private jet management services		(8,229)	(7,750)
Direct operating costs for logistics services		(125,251)	–
Fair value gains on investment properties	9(b)	5,481	8,964
Employee benefit expenses		(19,172)	(13,859)
Depreciation		(1,541)	(1,244)
Other expenses	5	(11,024)	(9,026)
Operating profit/(loss)		4,082	(4,917)
Finance income	4	17	14
Finance costs	4	(2,808)	(1,587)

		Six months ended	
		31 December	
		2022	2021
		HK\$'000	HK\$'000
	<i>Note</i>	(unaudited)	(Restated and unaudited)
Profit/(loss) before income tax from continuing operations		1,291	(6,490)
Income tax (expense)/credit	6	<u>(1,243)</u>	<u>16</u>
Profit/(loss) for the period from continuing operations		48	(6,474)
Loss for the period from discontinued operation		<u>–</u>	<u>(3,911)</u>
Profit/(loss) for the period		<u>48</u>	<u>(10,385)</u>
Profit/(loss) is attributable to:			
Owners of the Company		(3,661)	(9,207)
Non-controlling interests		<u>3,709</u>	<u>(1,178)</u>
		<u>48</u>	<u>(10,385)</u>
Loss per share attributable to owners of the Company for the period (HK cents)	8		
Basic and diluted loss per share:			
From continuing operations		(0.09)	(0.13)
From discontinued operation		<u>–</u>	<u>(0.10)</u>
		<u>(0.09)</u>	<u>(0.23)</u>

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2022

	Six months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit/(loss) for the period	48	(10,385)
Other comprehensive (loss)/income:		
Item that may be reclassified subsequently to profit or loss:		
Currency translation differences		
From continuing operations	(2,553)	1,220
From discontinued operation	—	—
	<u> </u>	<u> </u>
Total comprehensive loss for the period	<u>(2,505)</u>	<u>(9,165)</u>
Total comprehensive loss is attributable to:		
Owners of the Company	(6,130)	(7,987)
Non-controlling interests	3,625	(1,178)
	<u> </u>	<u> </u>
Total comprehensive loss for the period	<u>(2,505)</u>	<u>(9,165)</u>
Total comprehensive loss for the period attributable to owners of the Company arises from:		
Continuing operations	(6,130)	(4,076)
Discontinued operation	—	(3,911)
	<u> </u>	<u> </u>
	<u>(6,130)</u>	<u>(7,987)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		As at 31 December 2022 <i>HK\$'000</i> (unaudited)	As at 30 June 2022 <i>HK\$'000</i> (audited)
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	<i>9(a)</i>	21,023	24,391
Right-of-use assets	<i>9(a)</i>	1,195	1,494
Investment properties	<i>9(b)</i>	286,882	282,789
Exploration and evaluation assets	<i>10</i>	81,779	75,228
Rental deposits		124	59
		<hr/> 391,003 <hr/>	<hr/> 383,961 <hr/>
Current assets			
Inventories	<i>11</i>	5,760	1,039
Trade and bills receivables	<i>12</i>	158,676	46,013
Prepayments, deposits and other receivables		20,191	15,736
Contract assets	<i>12</i>	12,102	8,411
Cash and cash equivalents		18,951	22,893
		<hr/> 215,680 <hr/>	<hr/> 94,092 <hr/>
Total assets		<hr/> 606,683 <hr/>	<hr/> 478,053 <hr/>
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		39,242	39,242
Other reserves		482,005	482,716
Accumulated losses		(256,607)	(251,104)
		<hr/> 264,640 <hr/>	<hr/> 270,854 <hr/>
Non-controlling interests		65,772	58,474
		<hr/> 330,412 <hr/>	<hr/> 329,328 <hr/>
Total equity		<hr/> 330,412 <hr/>	<hr/> 329,328 <hr/>

		As at 31 December 2022 <i>HK\$'000</i> (unaudited)	As at 30 June 2022 <i>HK\$'000</i> (audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		2,765	2,859
Lease liabilities		374	307
Advances from a Director		86,901	–
		<u>90,040</u>	<u>3,166</u>
Current liabilities			
Trade payables	13	13,246	5,489
Accrued charges and other payables		37,160	38,202
Contract liabilities		11,459	6,613
Bank borrowings	14	121,698	87,305
Lease liabilities		873	1,246
Advances from a Director		–	3,009
Tax payable		1,795	3,695
		<u>186,231</u>	<u>145,559</u>
Total liabilities		<u>276,271</u>	<u>148,725</u>
Total equity and liabilities		<u>606,683</u>	<u>478,053</u>
Net current assets/(liabilities)		<u>29,449</u>	<u>(51,467)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial information (the “**Interim Financial Information**”) for the six months ended 31 December 2022 has 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**”). It should be read in conjunction with the audited annual financial statements of the Group for the year ended 30 June 2022, 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 audited annual financial statements for the year ended 30 June 2022.

The following amendments to existing standards and conceptual framework are mandatory for the first time for the financial period beginning 1 July 2022 and currently relevant to the Group:

Annual Improvements Project (Amendments)	Annual Improvements to HKFRSs 2018–2020
HKFRS 3 (Amendments)	Reference to the Conceptual Framework
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination

None of the above amendments to existing standards is expected to have a significant impact on the Interim Financial Information in the current reporting period.

2. TURNOVER AND SEGMENT INFORMATION

The Group’s reportable operating segments are (i) network solutions and project services; (ii) property investment; (iii) yacht building (discontinued in January 2022); (iv) mineral exploration; (v) private jet management services and (vi) logistics services.

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.

On 29 October 2021, the Group entered into a sale and purchase agreement with Cambo Management Limited to dispose of the Group’s yacht inventory. After completion of the transaction, the Group discontinued its yacht building business and the results of the yacht building business were reported as a discontinued operation during the year ended 30 June 2022.

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 condensed consolidated financial statements. Segment assets exclude other assets that are managed on a central basis.

The segment revenue and results for the six months ended 31 December 2022

	Continuing operations					Total HK\$'000
	Network solutions and project services HK\$'000	Property investment HK\$'000	Minerals exploration HK\$'000	Private jet management services HK\$'000	Logistics services HK\$'000	
Segment revenue	3,230	3,034	–	14,346	144,280	164,890
Segment results	745	2,526	–	6,117	16,197	25,585
Depreciation	(151)	–	(99)	(772)	(322)	(1,344)
Fair value gain on investment properties	–	5,481	–	–	–	5,481
Unallocated expenses (<i>Note</i>)						(25,640)
Finance costs						(2,808)
Finance income						17
Profit before income tax						1,291

The segment revenue and results for the six months ended 31 December 2021

	Continuing operations				Discontinued operation	Total HK\$'000
	Network solutions and project services HK\$'000	Property investment HK\$'000	Minerals exploration HK\$'000	Private jet management services HK\$'000	Yacht building HK\$'000	
Segment revenue	2,628	3,221	–	13,240	–	19,089
Segment results	813	2,559	–	5,491	–	8,863
Depreciation	(155)	–	(104)	(772)	–	(1,031)
Fair value gain on investment properties	–	8,964	–	–	–	8,964
Unallocated expenses (<i>Note</i>)						(25,624)
Finance costs						(1,587)
Finance income						14
Loss before income tax						(10,401)

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

Segment Assets

As at 31 December 2022

	Continuing operations					Total <i>HK\$'000</i>
	Network solutions and project services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Minerals exploration <i>HK\$'000</i>	Private jet management services <i>HK\$'000</i>	Logistics services <i>HK\$'000</i>	
	Total segment assets	<u>10,999</u>	<u>287,809</u>	<u>82,365</u>	<u>13,793</u>	
Unallocated						
– Cash and cash equivalents						18,951
– Other unallocated assets						<u>8,100</u>
Consolidated total assets						<u>606,683</u>

As at 30 June 2022

	Continuing operations					Total <i>HK\$'000</i>
	Network solutions and project services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Minerals exploration <i>HK\$'000</i>	Private jet management services <i>HK\$'000</i>	Logistics services <i>HK\$'000</i>	
	Total segment assets	<u>6,647</u>	<u>283,267</u>	<u>75,859</u>	<u>7,219</u>	
Unallocated						
– Cash and cash equivalents						22,893
– Other unallocated assets						<u>8,734</u>
Consolidated total assets						<u>478,053</u>

3. OTHER GAINS, NET

	Six months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
Continuing operations		
Government grants	496	–
Sundry income	624	543
	<u>1,120</u>	<u>543</u>

4. FINANCE INCOME AND COSTS

	Six months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
Continuing operations		
Finance income		
– Bank interest income	17	14
Finance costs		
– Interest expense on bank loans	(977)	(542)
– Interest expense on advances from a Director	(1,793)	(988)
– Interest expenses on lease liabilities	(38)	(57)
	<u>(2,808)</u>	<u>(1,587)</u>

5. OTHER EXPENSES

Other expenses included the following:

	Six months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
Continuing operations		
Auditor's remuneration	800	693
Direct operating expenses from investment properties that generate rental income	508	662
Exchange losses – net	858	518
Operating lease rental for short-term leases	597	350
Legal and professional fees	2,444	1,367
Reimbursement of sharing of administrative services	4,239	3,364
	<u>4,239</u>	<u>3,364</u>

6. INCOME TAX EXPENSE/(CREDIT)

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 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 countries in which the Group operates.

The amount of income tax charged/(credit) to the consolidated statement of profit or loss represents:

	Six months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	134	71
– PRC corporate income tax	1,202	–
Deferred income tax		
– Origination of temporary differences	(93)	(87)
	<u>1,243</u>	<u>(16)</u>
Total income tax expense/(credit)	<u>1,243</u>	<u>(16)</u>
Income tax expense/(credit) attributable to:		
Loss from continuing operations	1,243	(16)
Loss from discontinued operation	–	–
	<u>1,243</u>	<u>(16)</u>

7. DISCONTINUED OPERATION

The Group discontinued its yacht building business during the year ended 30 June 2022 after Silver Value Global Limited, a subsidiary of the Company, disposed of the finished yacht to a connected party of the Company at a consideration of approximately HK\$92,120,000. The results of the yacht building business were reported as discontinued operation.

	Six months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
Revenue	–	–
Other income	–	12
Expenses		
Operating lease rentals for short term leases	–	(459)
Other expenses	–	(3,464)
	<u>–</u>	<u>(3,911)</u>
Operating loss from discontinued operation	–	(3,911)
Income tax expenses	–	–
	<u>–</u>	<u>–</u>
Total comprehensive loss from discontinued operation	<u>–</u>	<u>(3,911)</u>
Net cash outflow from operating activities	–	(169)
Net cash outflow from investing activities	–	–
Net cash outflow from financing activities	–	–
	<u>–</u>	<u>–</u>
Net cash used in discontinued operation	<u>–</u>	<u>(169)</u>

8. LOSS PER SHARE

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

	Six months ended	
	31 December	
	2022	2021
Loss attributable to owners of the Company, as used in the calculation of basic and diluted loss per share <i>(HK\$'000)</i>		
Continuing operations	3,661	5,296
Discontinued operation	–	3,911
	<u>3,661</u>	<u>9,207</u>
Weighted average number of ordinary shares in issue for the purpose of basic and diluted loss per share <i>(in thousands)</i>	<u>3,924,190</u>	<u>3,924,190</u>
Basic loss per ordinary share <i>(HK cents)</i>		
Continuing operations	(0.09)	(0.13)
Discontinued operation	–	(0.10)
	<u>(0.09)</u>	<u>(0.23)</u>
Total basic loss per share attributable to the ordinary equity holders of the Company	<u>(0.09)</u>	<u>(0.23)</u>

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 have anti-dilutive impact to the basic 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 2022, the Group spent approximately HK\$34,000 (2021: HK\$112,000) on furniture, fixtures and equipment, HK\$11,000 (2021: HK\$100,000) on computer equipment, HK\$Nil (2021: HK\$130,000) on leasehold improvement and HK\$Nil (2021: HK\$540,000) on construction in progress. The Group spent approximately HK\$517,000 (2021: HK\$606,000) on right-of-use assets during the period ended 31 December 2022. The Group wrote off office equipment with net book value of HK\$43,000 during the period ended 31 December 2022.

(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 method (30 June 2022: same valuation technique). As a result, the investment properties were revalued to approximately HK\$286,882,000 at 31 December 2022 (30 June 2022: HK\$282,789,000), which represents their recoverable amounts, and fair value gain of approximately HK\$5,481,000 was recorded in the condensed consolidated income statement for the period ended 31 December 2022 (2021: fair value gain of HK\$8,964,000).

10. EXPLORATION AND EVALUATION ASSETS

The Group owns a mineral mining license in western parts of Mongolia. 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 2022 (unaudited) <i>HK\$'000</i>	As at 30 June 2022 (audited) <i>HK\$'000</i>
At beginning of the period/year	75,228	69,268
Additions	<u>6,551</u>	<u>5,960</u>
At end of the period/year	<u><u>81,779</u></u>	<u><u>75,228</u></u>

11. INVENTORIES

	As at 31 December 2022 (unaudited) <i>HK\$'000</i>	As at 30 June 2022 (audited) <i>HK\$'000</i>
Raw materials	–	–
Work in progress	5,272	684
Finished goods	<u>488</u>	<u>355</u>
	<u><u>5,760</u></u>	<u><u>1,039</u></u>

12. TRADE AND BILLS RECEIVABLES AND CONTRACT ASSETS

	As at 31 December 2022 (unaudited) HK\$'000	As at 30 June 2022 (audited) HK\$'000
Trade receivables		
– related party	16,862	11,520
– third parties	16,499	15,188
Bills receivables (<i>Note</i>)	<u>125,315</u>	<u>19,305</u>
	<u>158,676</u>	<u>46,013</u>
Contract assets	<u>12,102</u>	<u>8,411</u>

Note:

During the period ended 31 December 2022, the Group has discounted the bills receivables with a carrying amount of HK\$121,698,000 (30 June 2022: HK\$19,305,000), with a maturity ranged from 1 to 6 months.

In accordance with the terms of bills receivable discounting with bank, the bank has the rights of recourse against the Group if the bills receivables turns default.

In the opinion of management, the Group has retained the substantial risk and rewards, and accordingly, the Group continue to recognise the full carrying amounts of bills receivables amounting to HK\$121,698,000 (30 June 2022: HK\$19,305,000) as at 31 December 2022, and other bank loans as disclosed in Note 14.

The carrying amounts of the Group's trade and bills receivables and contract assets approximate their fair values.

All trade receivables are either repayable within one year or on demand. The Group generally grants credit terms of 30 to 90 days to its customers. The ageing analysis of trade receivables based on invoice date is as follows:

	As at 31 December 2022 (unaudited) HK\$'000	As at 30 June 2022 (audited) HK\$'000
0–30 days	29,532	26,699
31–60 days	361	9
61–90 days	3,462	–
Over 90 days	<u>6</u>	<u>–</u>
	<u>33,361</u>	<u>26,708</u>

None of the trade receivables were impaired as at 31 December 2022 (30 June 2022: Nil).

13. TRADE PAYABLES

	As at 31 December 2022 (unaudited) HK\$'000	As at 30 June 2022 (audited) HK\$'000
Trade payables		
– related parties	90	377
– third parties	13,156	5,112
	<u>13,246</u>	<u>5,489</u>

The ageing analysis of the trade payables based on invoice date is as follows:

	As at 31 December 2022 (unaudited) HK\$'000	As at 30 June 2022 (audited) HK\$'000
0–30 days	12,772	2,654
31–60 days	265	1,885
61–90 days	–	2
91–180 days	209	948
	<u>13,246</u>	<u>5,489</u>

The carrying amounts of the Group's trade payables approximate their fair values.

14. BANK BORROWINGS

	As at 31 December 2022 (unaudited) HK\$'000	As at 30 June 2022 (audited) HK\$'000
Secured		
– Bank term loan – within 1 year	–	68,000
– Other bank loans – within 1 year	121,698	19,305
	<u>121,698</u>	<u>87,305</u>

As at 31 December 2022, the Group's other bank loans of approximately HK\$121,698,000 (30 June 2022: HK\$19,305,000) are secured by bills receivables of HK\$121,698,000 (Note 12) with terms of recourse and bear interest at rates ranging from 1.3% to 2.6% per annum.

As at 30 June 2022, the Group's investment properties in relation to an office premise and two car parking spaces located at Wan Chai with carrying amounts of HK\$128,780,000 were pledged as security for the Group's bank term loan amounted to HK\$68,000,000.

In addition to the above, the Group is required to comply with certain restrictive covenants imposed by the banks. As at 30 June 2022, the Group has not breached any of the restrictive covenants.

The bank term loan was matured and had been fully settled on 22 July 2022. The related secured properties were released on 7 September 2022.

The secured bank term loan was at floating interest rates, its interest rate is charged at 1.5% per annum over Hong Kong Interbank Offered Rate or 0.5% per annum over cost of fund of the bank, whichever is higher.

The carrying amounts of the borrowings approximate their fair values.

15. 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 2022 was HK\$9,051,000 (30 June 2022: HK\$9,153,000). Such capital expenditure of exploration activities were contributed by equity holders of the Mission Wealth Group on a pro-rata basis and the commitment of the Company amounts to HK\$4,616,000 (30 June 2022: HK\$4,668,000).

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

	As at 31 December 2022 (unaudited) HK\$'000	As at 30 June 2022 (audited) HK\$'000
Exploration activities	<u>61</u>	<u>2,892</u>

The Company did not have any other capital expenditure contracted for at the end of the period/year but not yet incurred (30 June 2022: Nil).

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Financial Period (2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

1. Network Solutions and Project Services (“NSPS”)

In the Financial Period, NSPS achieved total revenue of HK\$3.2 million (2021: HK\$2.6 million). An increase of 23.1% when compared to last corresponding period. A breakdown of the revenue from NSPS was as follows:

- (i) Telecom solutions was HK\$0.2 million (2021: HK\$1.0 million);
- (ii) Enterprise solutions was HK\$0.9 million (2021: HK\$0.9 million);
- (iii) Project services was HK\$1.6 million (2021: HK\$0.4 million); and
- (iv) System maintenance was HK\$0.5 million (2021: HK\$0.3 million)

During the Financial Period, the business of NSPS was still losing steam due to the ongoing COVID-19 pandemic. The overall economic environment of Hong Kong was poor with subdued economic activity. Many projects under discussion for a long time were ultimately delayed or cancelled by our potential customers due to costs and/or cashflow concerns.

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 to achieve this policy. The revenue for the Financial Period was HK\$3.0 million (2021: HK\$3.2 million). As at 31 December 2022, all the investment properties were renting out except for the commercial building at 17/F., Henan Building, Wan Chai, Hong Kong.

3. 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**”).

During the Financial Period, FVSP completed the Year 2022 field exploration programs and implemented the data processing and target modelling. From the exploration result, it revealed and confirmed that target area 18 was a copper-major porphyry target, and our ongoing conceptual exploration modelling that Zoolon Gold Project area was related to copper, silver, gold, polymetallic porphyry epithermal systems. FVSP technical team is presently preparing the technical reports for further study.

4. Private Jet Management Services (“PJM”)

At the end of the Financial Period, PJM got three private jets (2021: three) under aircraft management contracts and one aircraft (2021: two) under ad hoc management contract. The revenue for the Financial Period was approximately HK\$14.3 million (2021: HK\$13.2 million).

5. Logistics business

The logistics business of the Group is carried out by an indirect non-wholly owned subsidiary (the “JV”). The JV is owned beneficially as to 60% by the Group and the remaining 40% by independent third parties. The business scope of the JV is covering drop and pull transport at Xinjiang border; gangue backfill and route transportation of clean coal and its by-products.

JV delivered a solid performance during the Financial Period albeit the tightening of pandemic control measures in Xinjiang during October 2022 to early December 2022. The revenue for the Financial Period was HK\$144.3 million (2021: Nil).

The freight traffic handled by the JV during the Financial Period was approximately 668,000 metric tons (2021: Nil).

During the Financial Period, JV developed a new road-rail combined transportation business model. JV opened up a short-term transportation trunk line of 186 kilometers ending at Fuyun railway station. In winter season of Xinjiang, heavy snowfall is common and resulting in icy roads. The adverse weather makes road transportation inefficient and dangerous. Through the road-rail combined transportation, JV can provide reliable services to our customers and also be able to extend its customer bases outside Xinjiang. By the end of December 2022, 3 trains of railway containers had been successfully shipped to customers inside and outside Xinjiang.

FINANCIAL REVIEW

1. Results Analysis

Revenue

During the Financial Period, the Group’s revenue increased to HK\$164.9 million (2021: HK\$19.1 million). Around 87.5% (2021: Nil) of the Group’s revenue was generated from the logistics business, 8.7% (2021: 69.4%) from the private jet management services and 2.0% (2021: 13.8%) from the NSPS. The remaining revenue was generated from property investment.

Fair value gain 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 increase in carrying values consisted of (i) fair value gain on investment properties of HK\$5.5 million (2021: HK\$9.0 million) and (ii) loss on currency translation of HK\$1.4 million on our investment properties in China (2021: gain on currency translation of HK\$0.7 million). The Group's portfolio of commercial properties in Hong Kong accounted for the fair value gain on investment properties.

Employee benefit expenses

The increase in employee benefit expenses was mainly due to the inclusion of the newly established logistics services which was not available in last corresponding period.

Finance costs

For the Financial Period, finance costs were HK\$2.8 million (2021: HK\$1.6 million). The increase in finance costs was mainly due to the increase in borrowings.

2. Liquidity and Financial Resources

As at 31 December 2022, the Group had a revolving standby facility from Mr. Lo Lin Shing, Simon, the Chairman and director of the Company totaling HK\$140 million. The Group drew down HK\$85.1 million from the facility. The maturity date of this facility is 30 June 2024.

3. Gearing

As at 31 December 2022, the gearing ratio of the Group was 34.4% (30 June 2022: 18.9%) which was calculated based on the Group's total borrowings to total assets.

4. Foreign Exchange

The Group's key operations 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 2022, the Group did not have material contingent liabilities (30 June 2022: Nil).

BUSINESS OUTLOOK AND DEVELOPMENT

Since the outbreak of COVID-19 pandemic, Hong Kong's economy has fallen into recession. Hong Kong's real gross domestic product recorded a shrink of approximately 3.5% in 2022. The fall in goods exports in the fourth quarter of 2022 widened further, but private consumption resumed growth. Looking ahead, the Hong Kong economy is expected to show a recovery in 2023 but with mixture of both risks and opportunities. For the external environment, global economic growth may slow down further, while inflation is likely to remain at a relatively high level. Besides, the geopolitical tensions and continued tightening of monetary policies by various advanced economies will all be detrimental to the Hong Kong economy. An expected faster growth of the Mainland economy and the relaxation of cross-boundary truck movement restrictions should provide some support to the Hong Kong economic growth. In addition, an expected strong rebound of inbound tourism following the removal of quarantine arrangements for visitors and resumption of normal travel between Hong Kong and the Mainland should underpin a recovery of exports of services.

As at 31 December 2022, the total amount of projects on hand for NSPS was approximately HK\$13.0 million. Among them, HK\$10.3 million was belonged to the project services, HK\$1.0 million was belong to the solution sales, and HK\$1.7 million was belonged to the maintenance services. In view of the persistent low gross profit margin and high associated business risk related to the project services, NSPS in coming future will put more effort and resources with a focus on the sales of network solutions instead of any project works.

For the property investment and PJM, their business performance should be improved in tandem with economic growth in Hong Kong.

For the logistics business, the JV entered into a logistics services framework agreement and a supplemental agreement (the "Agreements") with Mongolia Energy Corporation Limited ("MEC") on 3 December 2021 and 31 March 2022 respectively. According to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, MEC imposed an annual cap of service fee of Rmb131.6 million (the "Annual Cap") under the Agreements. The accumulated service fee charged to MEC group by the end of 31 December 2022 was approximately Rmb120.1 million. Therefore, no more business will be originating from MEC group once the Annual Cap is reached. In the meantime, we are in negotiation with MEC to renew the logistics services framework agreement.

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 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), save for the following deviations:

- i. Code provision C.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. Code provision F.2.2 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 2022 AGM. The chairman of the Audit and Remuneration Committees of the Company had chaired the 2022 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 for Securities Transactions by directors of Listed Issuers in Appendix 10 to the Listing Rules (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 2022, the Group had a total of 55 full-time employees (30 June 2022: 50). 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 2022.

By Order of the Board
Vision Values Holdings Limited
Tang Chi Kei
Company Secretary

Hong Kong, 27 February 2023

As at the date of this announcement, the Board comprises eight Directors, including Mr. Lo Lin Shing, Simon, Mr. Ho Hau Chong, Norman, Ms. Yvette Ong, Mr. Lo, Rex Cze Kei and Mr. Lo, Chris Cze Wai as executive Directors, Mr. Tsui Hing Chuen, William JP, Mr. Lau Wai Piu and Mr. Lee Kee Wai, Frank as independent non-executive Directors.