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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 2023

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 2023 (the “**Financial Period**”) together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2023

		Six months ended	
		31 December	
		2023	2022
		HK\$'000	HK\$'000
			(Restated and
	<i>Note</i>	(unaudited)	unaudited)
Revenue	2	239,067	164,890
Other gains, net	3	437	1,120
Changes in inventories of finished goods and work in progress		(686)	(903)
Subcontracting fees for project services		(1,498)	(1,289)
Direct operating costs for private jet management services		(9,768)	(8,229)
Direct operating costs for logistics services		(186,586)	(123,329)
Fair value (losses)/gains on investment properties	8(b)	(19,880)	5,481
Employee benefit expenses		(20,157)	(19,172)
Depreciation		(3,481)	(3,463)
Other expenses	5	(11,614)	(11,024)
Operating (loss)/profit		(14,166)	4,082
Finance income	4	95	17
Finance costs	4	(4,288)	(2,808)

		Six months ended	
		31 December	
		2023	2022
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Note</i>	(unaudited)	(Restated and unaudited)
(Loss)/profit before income tax		(18,359)	1,291
Income tax expense	6	<u>(3,116)</u>	<u>(1,243)</u>
(Loss)/profit for the period		<u>(21,475)</u>	<u>48</u>
(Loss)/profit is attributable to:	7		
Owners of the Company		(26,978)	(3,661)
Non-controlling interests		<u>5,503</u>	<u>3,709</u>
		<u>(21,475)</u>	<u>48</u>
Loss per share attributable to owners of the Company for the period (HK cents)	7		
Basic and diluted loss per share		<u>(0.69)</u>	<u>(0.09)</u>

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2023

	Six months ended	
	31 December	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss)/profit for the period	(21,475)	48
Other comprehensive income/(loss)		
Item that may be reclassified subsequently to profit or loss:		
Currency translation differences	<u>35</u>	<u>(2,553)</u>
Total comprehensive loss for the period	<u>(21,440)</u>	<u>(2,505)</u>
Total comprehensive loss is attributable to:		
Owners of the Company	(26,943)	(6,130)
Non-controlling interests	<u>5,503</u>	<u>3,625</u>
Total comprehensive loss for the period	<u>(21,440)</u>	<u>(2,505)</u>
Total comprehensive loss for the period attributable to owners of the Company	<u>(26,943)</u>	<u>(6,130)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		As at 31 December 2023 <i>HK\$'000</i> (unaudited)	As at 30 June 2023 <i>HK\$'000</i> (audited)
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	<i>8(a)</i>	15,954	18,441
Right-of-use assets	<i>8(a)</i>	2,408	3,341
Intangible asset	<i>8(a)</i>	276	–
Investment properties	<i>8(b)</i>	263,570	283,450
Exploration and evaluation assets	<i>9</i>	94,905	82,995
Rental deposits		231	231
		377,344	388,458
Current assets			
Inventories	<i>10</i>	1,262	1,023
Trade and bills receivables	<i>11</i>	234,920	194,492
Prepayments, deposits and other receivables		10,870	9,880
Contract assets	<i>11</i>	3,948	15,563
Cash and cash equivalents		31,432	24,193
		282,432	245,151
Total assets		659,776	633,609
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		39,242	39,242
Other reserves		471,239	467,823
Accumulated losses		(285,925)	(255,566)
		224,556	251,499
Non-controlling interests		87,122	74,701
Total equity		311,678	326,200

		As at 31 December 2023 <i>HK\$'000</i> (unaudited)	As at 30 June 2023 <i>HK\$'000</i> (audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		2,797	2,781
Lease liabilities		529	1,299
Advances from a Director		120,296	102,695
		<u>123,622</u>	<u>106,775</u>
Current liabilities			
Trade payables	12	13,003	6,284
Accrued charges and other payables		47,885	43,751
Contract liabilities		1,590	7,778
Borrowings	13	156,086	137,641
Lease liabilities		1,855	1,907
Tax payable		4,057	3,273
		<u>224,476</u>	<u>200,634</u>
Total liabilities		<u>348,098</u>	<u>307,409</u>
Total equity and liabilities		<u>659,776</u>	<u>633,609</u>
Net current assets		<u>57,956</u>	<u>44,517</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 2023 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 2023, 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 2023.

The following amendments to existing standards and conceptual framework are mandatory for the first time for the financial period beginning 1 July 2023 and currently relevant to the Group:

HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKFRS 17	Insurance Contracts
HKFRS 17 (Amendments)	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

None of the above amendments to existing standards has 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) property investment; (ii) mineral exploration; (iii) private jet management services and (iv) 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.

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 2023

	Logistics 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>	Other Segment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>216,391</u>	<u>2,979</u>	<u>–</u>	<u>16,400</u>	<u>3,297</u>	<u>239,067</u>
Segment results	<u>25,148</u>	<u>2,434</u>	<u>–</u>	<u>6,632</u>	<u>929</u>	<u>35,143</u>
Depreciation	(2,448)	–	(88)	(526)	(142)	(3,204)
Fair value losses on investment properties	–	(19,880)	–	–	–	(19,880)
Unallocated expenses (<i>Note</i>)						(26,225)
Finance costs						(4,288)
Finance income						<u>95</u>
Loss before income tax						<u>(18,359)</u>

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

	Logistics 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>	Other Segment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>144,280</u>	<u>3,034</u>	<u>–</u>	<u>14,346</u>	<u>3,230</u>	<u>164,890</u>
Segment results	<u>18,119</u>	<u>2,526</u>	<u>–</u>	<u>6,117</u>	<u>745</u>	<u>27,507</u>
Depreciation	(2,244)	–	(99)	(772)	(151)	(3,266)
Fair value gains on investment properties	–	5,481	–	–	–	5,481
Unallocated expenses (<i>Note</i>)						(25,640)
Finance costs						(2,808)
Finance income						<u>17</u>
Profit before income tax						<u>1,291</u>

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 2023

	Logistics 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>	Other segment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total segment assets	<u>249,481</u>	<u>267,949</u>	<u>95,033</u>	<u>9,576</u>	<u>2,828</u>	624,867
Unallocated						
– Cash and cash equivalents						31,432
– Other unallocated assets						<u>3,477</u>
Consolidated total assets						<u>659,776</u>

As at 30 June 2023

	Logistics 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>	Other segment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total segment assets	<u>212,128</u>	<u>284,595</u>	<u>83,394</u>	<u>10,355</u>	<u>9,843</u>	600,315
Unallocated						
– Cash and cash equivalents						24,193
– Other unallocated assets						<u>9,101</u>
Consolidated total assets						<u>633,609</u>

3. OTHER GAINS, NET

	Six months ended 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Government grants	–	496
Sundry income	437	624
	<u>437</u>	<u>1,120</u>

4. FINANCE INCOME AND COSTS

	Six months ended 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance income		
– Bank interest income	95	17
Finance costs		
– Interest expense on bank loans	(1,110)	(977)
– Interest expense on advances from a Director	(3,101)	(1,793)
– Interest expenses on lease liabilities	(77)	(38)
	<u>(4,288)</u>	<u>(2,808)</u>

5. OTHER EXPENSES

Other expenses included the following:

	Six months ended 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Auditor's remuneration	966	800
Direct operating expenses from investment properties that generate rental income	544	508
Exchange (gains)/losses, net	(50)	858
Operating lease rental for short-term leases	446	597
Legal and professional fees	2,342	2,444
Reimbursement of sharing of administrative services	3,304	4,239
	<u>3,304</u>	<u>4,239</u>

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 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 to the condensed consolidated statement of profit or loss represents:

	Six months ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Current income tax		
– Hong Kong profits tax	271	134
– PRC corporate income tax	2,829	1,202
Deferred income tax		
– Origination of temporary differences	16	(93)
Total income tax expense	<u>3,116</u>	<u>1,243</u>

7. LOSS PER SHARE

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

	Six months ended 31 December	
	2023	2022
Loss attributable to owners of the Company, as used in the calculation of basic and diluted loss per share (HK\$'000)	<u>26,978</u>	<u>3,661</u>
Weighted average number of ordinary shares in issue for the purpose of basic and diluted loss per share (in thousands)	<u>3,924,190</u>	<u>3,924,190</u>
Total basic loss per share attributable to the ordinary equity holders of the Company (HK cents)	<u>(0.69)</u>	<u>(0.09)</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.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSET, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTIES

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

During the period ended 31 December 2023, the Group spent approximately HK\$9,700 (2022: HK\$34,000) on furniture, fixtures and equipment, HK\$13,300 (2022: HK\$11,000) on computer equipment and HK\$Nil (2022: Nil) on leasehold improvement. The Group spent approximately HK\$276,400 on software (2022: Nil) and approximately HK\$Nil (2022: HK\$517,000) on right-of-use assets during the period ended 31 December 2023. The Group wrote off leasehold improvement, computer equipment and office equipment with zero net book value during the period ended 31 December 2023 (2022: HK\$43,000).

(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 2023: same valuation technique). As a result, the investment properties were revalued to approximately HK\$263,570,000 at 31 December 2023 (30 June 2023: HK\$283,450,000), which represents their recoverable amounts, and fair value losses of approximately HK\$19,880,000 were recorded in the condensed consolidated income statement for the period ended 31 December 2023 (2022: fair value gains of HK\$5,481,000).

9. 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 2023 (unaudited) <i>HK\$'000</i>	As at 30 June 2023 (audited) <i>HK\$'000</i>
At beginning of the period/year	82,995	75,228
Additions	<u>11,910</u>	<u>7,767</u>
At end of the period/year	<u><u>94,905</u></u>	<u><u>82,995</u></u>

10. INVENTORIES

	As at 31 December 2023 (unaudited) HK\$'000	As at 30 June 2023 (audited) HK\$'000
Work in progress	864	373
Finished goods	398	650
	<u>1,262</u>	<u>1,023</u>

11. TRADE AND BILLS RECEIVABLES AND CONTRACT ASSETS

	As at 31 December 2023 (unaudited) HK\$'000	As at 30 June 2023 (audited) HK\$'000
Trade receivables		
– related party	13,948	7,255
– third parties	27,778	22,272
Bills receivables	193,194	164,965
	<u>234,920</u>	<u>194,492</u>
Contract assets	<u>3,948</u>	<u>15,563</u>

During the period ended 31 December 2023, the Group factored the bills receivables with a carrying amount of HK\$156,086,000 (30 June 2023: HK\$137,641,000), The maturity date of the bills receivables ranged from 1 to 6 months.

In accordance with the terms of factoring 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\$156,086,000 (30 June 2023: HK\$137,641,000) as at 31 December 2023, and factoring loans as disclosed in Note 13.

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 2023 (unaudited) HK\$'000	As at 30 June 2023 (audited) HK\$'000
0 – 30 days	39,709	25,492
31 – 60 days	192	2,250
61 – 90 days	1,257	1,520
Over 90 days	568	265
	<u>41,726</u>	<u>29,527</u>

None of the trade receivables were impaired as at 31 December 2023 (30 June 2022: Nil).

12. TRADE PAYABLES

	As at 31 December 2023 (unaudited) HK\$'000	As at 30 June 2023 (audited) HK\$'000
Trade payables – third parties	<u>13,003</u>	<u>6,284</u>

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

	As at 31 December 2023 (unaudited) HK\$'000	As at 30 June 2023 (audited) HK\$'000
0 – 30 days	12,596	5,790
31 – 60 days	179	80
61 – 90 days	5	–
91 – 180 days	223	414
	<u>13,003</u>	<u>6,284</u>

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

13. BORROWINGS

	As at 31 December 2023 (unaudited) HK\$'000	As at 30 June 2023 (audited) HK\$'000
Within one year	156,086	137,641

As at 31 December 2023, the Group factored the bills receivables with certain banks amounted to RMB144,524,000 (approximately HK\$156,086,000) (30 June 2023: RMB127,446,000 (approximately HK\$137,641,000)) with terms of recourse and bank interest at rates ranging from 0.9% to 2.2% per annum (30 June 2023: ranging from 1.8% to 2.9% per annum) (Note 11).

The carrying amounts of the borrowings approximate their fair values.

14. 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 2023 was HK\$6,764,000 (30 June 2023: HK\$13,124,000). 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\$3,450,000 (30 June 2023: HK\$6,693,000).

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

	As at 31 December 2023 (unaudited) HK\$'000	As at 30 June 2023 (audited) HK\$'000
Exploration activities	878	–
Others	285	–
	1,163	–

The Company did not have any other capital expenditure contracted for at the end of the period/year but not yet incurred (30 June 2023: Nil).

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Financial Period (2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

The business performance of NSPS was still haunted by various negative factors including but not limited to keen competition and sluggish economic environment in Hong Kong. This business segment contributed less than 10% of the total revenue in the financial year ended 2022 and 2023 respectively. The business of NSPS is already an immaterial segment of the Group.

In past years, the management of NSPS adopted various turnaround measures to revive its business but in vain. During the Financial Period, the management of NSPS decided to scale down its operations in light of the gloomy business outlook. The Board considered a confluence of factors and agreed this strategic shift:

- (a) Adverse macroeconomic environment: The current economic landscape in Hong Kong presents significant challenges, with retail sales growth in 2024 will be slower as people will scale back on revenge consumption in the post-pandemic era and with interest rates remaining high. Besides, the property market in Hong Kong remains depressed in the near future. These factors directly impact market sentiment and more companies are scaling back their capital budget on upgrading or investing in new telecommunication equipment. This in turn will affect growth prospects of NSPS;
- (b) Intensified competition: The market has witnessed a surge in new players and they are willing to accept cut throat competition; and
- (c) Focus resources: The Group can reallocate resources to areas with higher growth potential and better align our investments with the evolving market dynamics.

The Board considers that the scale down of the operations of NSPS will not have any material adverse impact on the operation and financial position of the Group.

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 (2022: HK\$3.0 million). As at 31 December 2023, 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 2023 geological exploration programs of the Zoolon Project at field was commenced on 24 July 2023 and completed on 10 November 2023. These programs aimed to extend the known mineralization areas and to identify new zones through planned geological, geochemical, and geophysical surveys. Consequently, the prospecting models were revised, and high-priority targets and anomalies were drill-tested based on the updated exploration results.

The methodologies employed in the 2023 exploration programs included geological mapping, soil and rock chip sampling, three-dimensional induced polarization (3DIP), time-domain induced polarization (TDIP), audio-frequency magnetotelluric sounding (AMT), trenching, drilling, and comprehensive studies. A technical team from a subsidiary of the Xinjiang Bureau of Geology and Mineral Resources (新疆維吾爾自治區地質礦產勘查開發局), consisting of 3 geologists and 7 geophysicists, (the “**Xinjiang Team**”) was engaged to conduct the 3DIP and AMT surveys, along with some geological mapping and studies. Our Mongolian teams executed the remaining programs.

The complete set of sample assay results was received from SGS Ulaanbaatar until 29 January 2024. Data processing, modeling, interpretation and reporting are still ongoing. Both Mongolian and Xinjiang teams are continuing their comprehensive studies and revising the exploration models. More project's outcomes and progress will be made available in a timely manner.

During the Financial Period, a detailed environmental impact assessment report (“**DEIA**”) for the Zoolon Project was officially approved by the Environmental Evaluation Technical Committee of the Ministry of Nature Resources and Tourism of Mongolia on 8 December 2023. According to Mongolian regulations, the approved DEIA and its conclusions will remain valid for the next 30 years, serving as a crucial prerequisite for the future mining development.

4. Private Jet Management Services (“PJM”)

As at 31 December 2023, there were four aircraft management contracts (30 June 2023: three) and one ad hoc management contract (30 June 2023: one).

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 main business scope of the JV is covering drop and pull transport at Xinjiang border, gangue backfill and route transportation of clean coal.

During the Financial Period, this business segment was operating as usual but the transportation services are likely to be affected by heavy snow in the winter season of Xinjiang. The revenue for the Financial Period was HK\$216.4 million (2022: HK\$144.3 million). The freight traffic handled by the JV during the Financial Period was approximately 1,047,400 tonnes (2022: 668,000 tonnes).

FINANCIAL REVIEW

1. Results Analysis

Revenue

During the Financial Period, the Group’s revenue increased to HK\$239.1 million (2022: HK\$164.9 million). Around 90.5% (2022: 87.5%) was generated from the logistics business and 6.9% (2022: 8.7%) from the private jet management services.

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 fair value losses on investment properties of HK\$19.9 million (2022: fair value gain of HK\$5.5 million and loss on currency translation of HK\$1.4 million). The Group’s commercial properties in Hong Kong were mainly accounted for the fair value losses on investment properties.

Finance Costs

For the Financial Period, finance costs were HK\$4.3 million (2022: HK\$2.8 million). The increase in finance costs was mainly due to the increase in borrowings.

2. Liquidity and Financial Resources

As at 31 December 2023, 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\$120.3 million from the facility. The maturity date of this facility is 30 June 2024.

3. Gearing

As at 31 December 2023, the gearing ratio of the Group was 41.9% (30 June 2023: 37.9%) 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 2023, the Group did not have material contingent liabilities (30 June 2023: Nil).

BUSINESS OUTLOOK AND DEVELOPMENT

Looking ahead, we believe the business performance of investment property will remain under pressure due to coupling of persisting uncertainty in the Hong Kong economy and a high interest rate environment.

For the logistics business, the JV commenced commercial operation in January 2022 and it immediately became the revenue driver of the Group. The Group will strive to expand its clientele in order to boost its business performance.

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 Annual General Meeting (“**AGM**”) of the Company.

Due to another business engagement, the Chairman of the Board did not attend the 2023 AGM. The chairman of the Audit and Remuneration Committees of the Company had chaired the 2023 AGM and answered shareholders’ questions. The AGM of the Company provides a channel for communication between the Board and the shareholders. Other than the AGM, the shareholders may communicate with the Company through the contact methods 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 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/her 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 by the Company.

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.

It is stipulated under the Code and the Employees' Guidelines that all dealings of the Company's securities must be conducted in accordance with the provisions stated therein. Under the Code, the Directors are required to notify the Chairman and receive a dated written acknowledgement before dealing in the securities and derivatives of the Company, and in the case of the Chairman himself, he must notify the designated Director and receive a dated written acknowledgement before any dealings.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group had a total of 61 full-time employees (30 June 2023: 63). 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 four independent non-executive directors, namely Mr. Tsui Hing Chuen, William JP, Mr. Lee Kee Wai, Frank, Mr. Wei, Chi Kuan Kenny 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 2023.

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

Hong Kong, 28 February 2024

As at the date of this announcement, the Board comprises ten 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. Lo, James Cze Chung as non-executive Director, Mr. Tsui Hing Chuen, William JP, Mr. Lau Wai Piu, Mr. Lee Kee Wai, Frank and Mr. Wei, Chi Kuan Kenny as independent non-executive Directors.