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Vision Fame International Holding Limited

允升國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1315)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2016

FINAL RESULTS

The board (the “Board”) of directors (the “Directors”) of Vision Fame International Holding Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2016, together with the comparative figures for the year ended 31 March 2015:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2016

	<i>Notes</i>	2016 <i>HK\$’000</i>	2015 <i>HK\$’000</i>
REVENUE	2	2,502,744	1,776,238
Cost of sales		<u>(2,427,255)</u>	<u>(1,798,767)</u>
Gross profit/(loss)		75,489	(22,529)
Other income and a gain	2	32,772	7,061
Administrative expenses		(76,895)	(87,717)
Other operating expenses		(4,788)	(6,160)
Finance costs	5	(5,575)	(6,834)
Share of profit/(loss) of an associate		<u>(6)</u>	<u>392</u>
PROFIT/(LOSS) BEFORE TAX	6	20,997	(115,787)
Income tax expense	7	<u>(1,079)</u>	<u>(1,476)</u>
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>19,918</u>	<u>(117,263)</u>

	<i>Note</i>	2016 HK\$'000	2015 HK\$'000
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Changes in fair value		(4,537)	(2,156)
Reclassification adjustment for losses included in the consolidated statement of profit or loss and other comprehensive income:			
— impairment losses		<u>4,101</u>	<u>2,943</u>
		(436)	787
Exchange differences on translation of foreign operations		<u>1,567</u>	<u>(2,314)</u>
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		<u>1,131</u>	<u>(1,527)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		<u>1,131</u>	<u>(1,527)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>21,049</u>	<u>(118,790)</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	8	<u>HK0.90 cent</u>	<u>(HK7.82 cents)</u>
Diluted		<u>HK0.89 cent</u>	<u>(HK7.82 cents)</u>

Consolidated Statement of Financial Position

As at 31 March 2016

	<i>Notes</i>	2016 HK\$'000	2015 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		15,855	31,497
Investment in an associate		572	567
Investment in a joint venture		—	—
Available-for-sale investments		3,396	7,879
Prepayments, deposits and other receivables		4,502	—
		<u>24,325</u>	<u>39,943</u>
Total non-current assets			
CURRENT ASSETS			
Gross amount due from contract customers		27,580	53,285
Property under development	<i>10</i>	—	24,284
Trade and bills receivables	<i>9</i>	330,191	238,429
Prepayments, deposits and other receivables		128,397	210,379
Pledged bank deposits and restricted cash		60,366	19,717
Cash and cash equivalents		397,801	188,754
		<u>944,335</u>	<u>734,848</u>
Total current assets			
CURRENT LIABILITIES			
Gross amount due to contract customers		3,872	5,977
Trade payables	<i>11</i>	307,385	237,665
Other payables and accruals		35,110	173,034
Amounts due to a related party		107,953	119,862
Tax payable		2,505	2,683
Interest-bearing bank and other borrowings	<i>12</i>	1,976	33,007
		<u>458,801</u>	<u>572,228</u>
Total current liabilities			
NET CURRENT ASSETS		<u>485,534</u>	<u>162,620</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>509,859</u>	<u>202,563</u>

	<i>Notes</i>	2016 HK\$'000	2015 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
A convertible bond	<i>13</i>	12,529	—
Loans from a related party		170,000	170,000
Interest-bearing other borrowings	<i>12</i>	2,216	4,112
Other payables and accruals		828	828
Deferred tax liabilities		<u>—</u>	<u>1,634</u>
 Total non-current liabilities		 <u>185,573</u>	 <u>176,574</u>
 Net assets		 <u>324,286</u>	 <u>25,989</u>
 EQUITY			
Equity attributable to owners of the parent			
Issued capital		12,000	3,000
Equity component of a convertible bond		11,746	—
Other reserves		<u>300,540</u>	<u>22,989</u>
 Total equity		 <u>324,286</u>	 <u>25,989</u>

Notes

1. BASIS OF PREPARATION

The Group's financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for available-for-sale investments which have been measured at fair value. The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions

Annual Improvements to HKFRSs 2010–2012 Cycle

Annual Improvements to HKFRSs 2011–2013 Cycle

The adoption of the revised standards has had no significant financial effect on the Group's financial statements.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2. REVENUE, OTHER INCOME AND A GAIN

Revenue represents revenue from building construction; alterations, renovation, upgrading and fitting-out works; property maintenance; property development and provision of related management and advisory services; and trading of metal and materials during the year.

An analysis of revenue, other income and a gain is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue		
Building construction	469,748	557,794
Alterations, renovation, upgrading and fitting-out works	476,564	405,949
Property maintenance	468,380	281,834
Property development and provision of related management and advisory services	36,134	3,114
Trading of metal and materials	<u>1,051,918</u>	<u>527,547</u>
	<u>2,502,744</u>	<u>1,776,238</u>
Other income		
Rental income	156	124
Interest income from sub-contractors	4,404	3,089
Bank interest income	770	820
Investment income from available-for-sale investments	13	14
Government grant	2,114	750
Others	<u>2,608</u>	<u>2,264</u>
	10,065	7,061
Gain		
Gain on disposal of a subsidiary (<i>note 3</i>)	<u>22,707</u>	<u>—</u>
Other income and a gain	<u>32,772</u>	<u>7,061</u>

3. DISPOSAL OF A SUBSIDIARY

2016
HK\$'000

Net assets disposed of:

Property, plant and equipment	7,410
Prepayments, deposits and other receivables	16
Deferred tax liabilities	<u>(333)</u>
	7,093
Gain on disposal of a subsidiary	<u>22,707</u>
	<u>29,800</u>
Satisfied by:	
Cash	<u>29,800</u>

The gain on disposal of a subsidiary represented the disposal of an office premise in substance by the Group.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services provided and has five reportable segments as follows:

- (a) building construction and other construction related business;
- (b) alterations, renovation, upgrading and fitting-out works;
- (c) property maintenance;
- (d) property development and provision of related management and advisory services; and
- (e) graphene production and trading of metal and materials.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, finance costs, investment income, an impairment loss of available-for-sale investments and gain on disposal of a subsidiary as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude investment in an associate and a joint venture, available-for-sale investments, certain property, plant and equipment, certain other receivables, pledged bank deposits and restricted cash, and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude tax payable, secured bank loans, amounts due to/loans from a related party, certain other payables and accruals, and deferred tax liabilities as these liabilities are managed on a group basis.

There were no intersegment sales or transfers during the year (2015: Nil).

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 March 2016

	Building construction and other construction related business HK\$'000	Alterations, renovation, upgrading and fitting-out works HK\$'000	Property maintenance HK\$'000	Property development and provision of related management and advisory services HK\$'000	Graphene production and trading of metal and materials HK\$'000	Total HK\$'000
Segment revenue:						
Revenue from external customers	<u>469,748</u>	<u>476,564</u>	<u>468,380</u>	<u>36,134</u>	<u>1,051,918</u>	<u>2,502,744</u>
Segment results	<u>22,525</u>	<u>21,617</u>	<u>22,761</u>	<u>10,374</u>	<u>1,929</u>	79,206
<i>Reconciliation:</i>						
Unallocated other income						5,661
Administrative expenses						(76,895)
Finance costs						(5,575)
Impairment loss on available-for-sale investments						(4,101)
Gain on disposal of a subsidiary						22,707
Share of loss of an associate						(6)
Profit before taxation						<u>20,997</u>
Segment assets	97,588	88,849	194,463	254	96,676	477,830
<i>Reconciliation:</i>						
Corporate and other unallocated assets						<u>490,830</u>
Total assets						<u>968,660</u>
Segment liabilities	103,490	95,632	129,044	324	18,976	347,466
<i>Reconciliation:</i>						
Corporate and other unallocated liabilities						<u>296,908</u>
Total liabilities						<u>644,374</u>
Other segment information:						
Depreciation	3,955	6	859	—	3	4,823
Capital expenditure*	24	517	165	—	22	728
Impairment loss on property, plant and equipment	—	—	—	648	39	687

* Capital expenditure consists of additions to property, plant and equipment including assets from the acquisition of a subsidiary.

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 March 2015

	Building construction and other construction related business <i>HK\$'000</i>	Alterations, renovation, upgrading and fitting-out works <i>HK\$'000</i>	Property maintenance <i>HK\$'000</i>	Property development and provision of related management and advisory services <i>HK\$'000</i>	Graphene production and trading of metal and materials <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:						
Revenue from external customers	<u>557,794</u>	<u>405,949</u>	<u>281,834</u>	<u>3,114</u>	<u>527,547</u>	<u>1,776,238</u>
Segment results	<u>(35,620)</u>	<u>26,432</u>	<u>(14,786)</u>	<u>(103)</u>	<u>1,414</u>	<u>(22,663)</u>
<i>Reconciliation:</i>						
Unallocated other income						3,978
Administrative expenses						(87,230)
Finance costs						(6,834)
Impairment loss on available-for-sale investments						(2,943)
Impairment loss on goodwill arising from an associate						(487)
Share of profit of an associate						<u>392</u>
Loss before taxation						<u>(115,787)</u>
Segment assets	123,673	57,490	109,606	30,987	176,180	497,936
<i>Reconciliation:</i>						
Corporate and other unallocated assets						<u>276,855</u>
Total assets						<u>774,791</u>
Segment liabilities	138,379	64,602	73,163	599	144,087	420,830
<i>Reconciliation:</i>						
Corporate and other unallocated liabilities						<u>327,972</u>
Total liabilities						<u>748,802</u>
Other segment information:						
Depreciation	4,453	874	117	—	—	5,444
Impairment loss on property under development	—	—	—	3,217	—	3,217
Capital expenditure*	3,858	2,977	106	1,033	—	7,974

* Capital expenditure consists of additions to property, plant and equipment including assets from the acquisition of a subsidiary.

4. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

(a) Revenue from external customers

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Hong Kong	1,977,337	1,299,659
Singapore	234,196	456,469
Macau	9,616	15,900
Mainland China	256,014	4,210
Australia	25,581	—
	<u>2,502,744</u>	<u>1,776,238</u>

The revenue information above is based on the locations of the operations.

(b) Non-current assets

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Hong Kong	7,140	11,282
Singapore	12,351	19,783
Macau	—	5
Mainland China	1,438	994
	<u>20,929</u>	<u>32,064</u>

The non-current assets information above is based on the locations of the assets and excludes available-for-sale investments.

Information about major customers

Revenue from customers of the corresponding years individually contributing over 10% of the total revenue of the Group are as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Customer A ¹	478,540	303,834
Customer B ²	473,642	72,011
Customer C ²	294,695	313,372
Customer D ³	174,093	207,065

¹ Revenue from building construction and property maintenance.

² Revenue from trading of metal and materials.

³ Revenue from building construction.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest on loans from a related party	4,091	6,460
Interest on obligations under finance leases	116	188
Interest on bank loans and other loan (including a convertible bond)	<u>1,368</u>	<u>186</u>
	<u><u>5,575</u></u>	<u><u>6,834</u></u>

6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Cost of services provided	1,377,307	1,272,635
Cost of inventories sold	1,049,948	526,132
Auditors' remuneration	1,200	1,320
Depreciation	8,266	7,578
Minimum lease payments under operating leases on land and buildings	3,814	6,581
Loss on disposal of items of property, plant and equipment	2,056	727
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	106,713	106,997
Pension scheme contributions*	<u>3,886</u>	<u>3,948</u>
	<u><u>110,599</u></u>	<u><u>110,945</u></u>
Foreign exchange differences, net	3,821	7,443
Impairment loss on goodwill arising from an associate	—	487
Impairment loss on available-for-sale investments^	4,101	2,943
Impairment loss on property under development^	—	3,217
Impairment loss on property, plant and equipment^	<u>687</u>	<u>—</u>

* At 31 March 2016, there were no forfeited contributions available to the Group to reduce contributions to the pension schemes in future years (2015: Nil).

^ These amounts are included in "Other operating expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.

7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company has available tax losses brought forward from prior years to offset the assessable profits generated during the year. In the prior year, Hong Kong profits tax had been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during that year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current — Hong Kong		
Charge for the year	—	34
Overprovision in prior years	—	(38)
Current — Elsewhere		
Charge for the year	2,445	703
Overprovision in prior years	(62)	(22)
Deferred	<u>(1,304)</u>	<u>799</u>
Total tax charge for the year	<u><u>1,079</u></u>	<u><u>1,476</u></u>

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,213,114,754 (2015: (restated) 1,500,000,000) in issue during the year, after taking into account the share subdivision which became effective on 3 May 2016.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on a convertible bond, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings/(loss) per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

No adjustment had been made to the basic loss per share amount presented for the year ended 31 March 2015 in respect of a dilution as the Group had no potential dilutive ordinary shares issued during that year.

The calculations of basic and diluted earnings per share are based on:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	19,918	(117,263)
Interest on a convertible bond	<u>275</u>	<u>—</u>
Profit/(loss) attributable to ordinary equity holders of the parent before interest on a convertible bond	<u><u>20,193</u></u>	<u><u>(117,263)</u></u>

**8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT
(Continued)**

	Number of shares	
	2016	2015 (restated)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation (<i>note</i>)	2,213,114,754	1,500,000,000
Effect of dilution — weighted average number of ordinary shares:		
A convertible bond	<u>60,820,165</u>	<u>—</u>
	<u>2,273,934,919</u>	<u>1,500,000,000</u>

Note: Adjusted for the effect of share subdivision in May 2016, as further explained in section (4) Capital Structure under Management Discussion and Analysis and Event after the Reporting Period in this announcement.

9. TRADE AND BILLS RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade and bills receivables (<i>note i</i>)	271,718	187,521
Retention monies receivables (<i>note ii</i>)	<u>58,473</u>	<u>50,908</u>
	<u>330,191</u>	<u>238,429</u>

Notes:

- (i) In the prior year, bills receivables of HK\$30,659,000 were included in the above amount at the end of the reporting period that was transferred to a bank by discounting bills receivables on a full recourse basis. If the bills receivable was not paid on maturity, the bank had the right to request the Group to pay the unsettled balances. As the Group had not transferred the significant risks and rewards relating to the receivables, it continued to recognise the full carrying amount of the receivables and had recognised the cash received on the transferred asset as secured bank loans (*note 12*). The financial asset was carried at amortised cost in the consolidated statement of financial position.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Carrying amount of transferred asset	—	30,659
Carrying amount of associated liability	<u>—</u>	<u>(30,659)</u>

- (ii) The amount represents retentions held by customers for contract works, of which approximately HK\$45,610,000 (2015: HK\$24,300,000) is expected to be recovered or settled in more than twelve months from the end of the reporting period.

9. TRADE AND BILLS RECEIVABLES (Continued)

The Group does not have a standardised and universal credit period granted to its customers, and the credit periods of individual customers are considered on a case-by-case basis and stipulated in the project contract, as appropriate. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

An aged analysis of the trade and bills receivable as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 1 month	227,516	158,788
1 to 3 months	43,888	27,265
Over 3 months	<u>314</u>	<u>1,468</u>
	<u>271,718</u>	<u>187,521</u>

The aged analysis of the trade and bills receivable that are neither individually nor collectively considered to be impaired is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Neither past due nor impaired	244,795	172,040
Less than 3 months past due	26,813	15,315
More than 3 months past due	<u>110</u>	<u>166</u>
	<u>271,718</u>	<u>187,521</u>

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

10. PROPERTY UNDER DEVELOPMENT

The property was located in Australia and was disposed of during the year.

11. TRADE PAYABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade payables	236,547	174,608
Retention monies payables	<u>70,838</u>	<u>63,057</u>
	<u>307,385</u>	<u>237,665</u>

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 1 month	224,443	155,280
1 month to 3 months	6,713	17,270
Over 3 months	<u>5,391</u>	<u>2,058</u>
	<u>236,547</u>	<u>174,608</u>

Trade payables are non-interest-bearing and are normally settled on 30 to 60 day terms.

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2016			2015		
	Effective annual interest rate (%)	Maturity	<i>HK\$'000</i>	Effective annual interest rate (%)	Maturity	<i>HK\$'000</i>
Current						
Finance lease payables	1.38 to 2.91	2017	1,976	1.45 to 2.91	2016	2,348
Bank loan — secured	—	—	<u>—</u>	4.00	2016	<u>30,659</u>
			1,976			33,007
Non-current						
Finance lease payables	1.38 to 2.91	2018	<u>2,216</u>	1.45 to 2.91	2017–2018	<u>4,112</u>
			<u>4,192</u>			<u>37,119</u>

12. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Analysed into:		
Bank loan repayable within one year or on demand	—	30,659
Other borrowings repayable:		
Within one year	1,976	2,348
In the second year	1,278	1,938
In the third to fifth years, inclusive	<u>938</u>	<u>2,174</u>
	<u><u>4,192</u></u>	<u><u>37,119</u></u>

Notes:

- (a) In the prior year, the Group's bank loan was secured by the Group's bills receivables amounting to HK\$30,659,000.
- (b) The Group's finance lease payables are secured by the lessor's charge over the leased assets amounting to HK\$9,343,000 (2015: HK\$10,955,000).
- (c) The finance lease payables of HK\$4,192,000 (2015: HK\$4,715,000) are denominated in Singapore dollar. In the prior year, the Group's secured bank loan of HK\$30,659,000 was in Renminbi.

13. A CONVERTIBLE BOND

On 3 February 2016, the Company issued a convertible bond with a principal amount of HK\$24,000,000 to Mega Start Limited ("Mega Start"), which is a substantial shareholder and a company wholly owned by Mr. Chau Chit (being the Chairman and an Executive Director of the Company). The convertible bond can be converted into ordinary shares of the Company at the initial conversion price of HK\$0.3 per conversion share which is revised to HK\$0.06 per conversion share after the share subdivision on 3 May 2016, bearing no interest and will mature in 5 years after the date of issue. The holder of the convertible bond shall convert the outstanding principal amount of the convertible bond into ordinary shares in full mandatorily, if and only if, the gross profits of the new graphene business of the Group for the two financial years ending 31 March 2017 and 2018 exceed HK\$300 million in aggregate.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

The convertible bond issued during the year has been split into the liability and equity components as follows:

	HK\$'000
Nominal value of the convertible bond issued during the year	24,000
Equity component	<u>(11,746)</u>
Liability component at the issuance date	12,254
Interest expense	<u>275</u>
Liability component at 31 March 2016	<u><u>12,529</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Results for the Year

Turnover of the Group has increased from approximately HK\$1,776 million in the year ended 31 March 2015 (“Fy2015”) to approximately HK\$2,503 million in the year ended 31 March 2016 (“Fy2016”), representing an increase of approximately HK\$727 million or approximately 41% as compared with Fy2015. In Fy2016, the Group recorded a gross profit of approximately HK\$75 million (Fy2015: gross loss approximately HK\$23 million). Increase in turnover was mainly attributable to (i) increase in turnover of the graphene production and trading of metal and materials segment as the trading of metal and materials business had a full twelve months of operations in the Fy2016 compared with less than eight months of operations in Fy2015; and (ii) increase in turnover of the property maintenance segment as a result of improvement in progress of property maintenance contracts achieved.

In Fy2016, the Group recorded a profit of approximately HK\$19.9 million as compared to a loss of approximately HK\$117.3 million of Fy2015. The main reasons for the turnaround into profit are: (i) improvement in gross profits of the building construction segment as a result of a more proactive customer reach approach adopted and stringent cost control imposed by the Group; (ii) improvement in gross profits of the property maintenance segment as a result of improvement in progress of property maintenance contracts achieved; and (iii) a gain on disposal of an office premise in Hong Kong to an independent third party of approximately HK\$23 million was recognised in Fy2016.

During Fy2016, the Group had won 22 new contracts with total contract value amounting to approximately HK\$1,206 million of which 4 contracts with total contract value of approximately HK\$20 million were of the building construction segment; 2 contracts with total contract value of approximately HK\$766 million were of the property maintenance segment and 16 contracts with total contract value of approximately HK\$420 million were of the alterations, renovation, upgrading and fitting-out works segment. As at 31 March 2016, the Group had projects in progress with total contract sum of approximately HK\$3,905 million.

During the period of Fy2016 and up to the date of this announcement, the Group has entered into several new contracts with total contract value of approximately HK\$137 million.

Other income for Fy2016 was approximately HK\$32.8 million representing an increase of approximately HK\$25.7 million as compared with Fy2015 of approximately HK\$7.1 million. The substantial increase in other income was mainly due to a gain on disposal of an office premise in Hong Kong to an independent third party of approximately HK\$23 million.

Profit attributable to owners of the Company in Fy2016 is approximately HK\$19.9 million as compared with a loss of approximately HK\$117.3 million in Fy2015.

Basic earnings per share is approximately HK\$0.9 cents (Fy2015: loss of approximately HK\$7.82 cents) and diluted earnings per share is approximately HK\$0.89 cents (Fy2015: loss of approximately HK\$7.82 cents).

(2) Review of Operations

(i) *Building Construction*

The building construction segment recorded revenue of approximately HK\$470 million for Fy2016 (Fy2015: approximately HK\$558 million). Segment profit for Fy2016 was approximately HK\$22.5 million compared with segment loss approximately HK\$35.6 million in Fy2015. The change from segment loss to segment profit was mainly attributable to improvement in gross profits as a result of a more proactive customer reach approach adopted and stringent cost control imposed by the Group.

(ii) *Property Maintenance*

The property maintenance segment reported a continuous growth in segment revenue. The segment revenue for Fy2016 was approximately HK\$468 million, up by 66% from approximately HK\$282 million in Fy2015, and segment profit for Fy2016 was approximately HK\$22.8 million as compared with segment loss of approximately HK\$14.8 million in Fy2015. The change from segment loss to segment profit was mainly attributable to the improvement in gross profits as a result of the improvement in progress of property maintenance contracts achieved.

(iii) *Alterations, renovation, upgrading and fitting-out (“A&A”) works*

Revenue for the A&A works segment for Fy2016 was approximately HK\$477 million (Fy2015: approximately HK\$406 million) and segment profit was approximately HK\$21.6 million (Fy2015: approximately HK\$26.4 million). The overall result in this segment was increase in segment revenue and decrease in segment profit as compared with Fy2015. Increase in segment revenue was mainly due to the increased number of projects carried out in Fy2016. The decrease in segment profit was due to the increase in construction costs.

(iv) *Graphene production and trading of metal and materials*

Revenue for the graphene production and trading of metal and materials segment for Fy2016 was approximately HK\$1,052 million (Fy2015: approximately HK\$528 million) and segment profit was approximately HK\$1.9 million (Fy2015: approximately HK\$1.4 million). Increase in segment revenue and segment profit of the graphene production and trading of metal and materials segment was mainly attributable to the fact that the trading of metal and materials business had a full twelve months of operations in the Fy2016 compared with less than eight months of operations in Fy2015. There was no revenue recorded for the graphene production business as it was still in the development phase in Fy2016.

(v) *Property development and provision of related management and advisory services (“PDMAS”)*

PDMAS recorded revenue and profit of approximately HK\$36 million (Fy2015: approximately HK\$3 million) and approximately HK\$10.4 million (Fy2015: loss of approximately HK\$0.1 million), respectively. The increase in segment revenue and profit was mainly due to (i) the PDMAS had a full twelve months of operations in the Fy2016 compared with two months of operations in Fy2015 and (ii) the disposal of property under development in Australia which recorded revenue and gross profit of approximately HK\$25.6 million and HK\$0.5 million, respectively, in Fy2016. In Fy2015, an impairment loss of the property under development in Australia of approximately HK\$3.2 million was recognised as a result of decrease in its market value.

(3) **Prospect**

Graphene production business

In February 2016, the Group has successfully completed shares subscriptions and issuance of a convertible bond which (a) raised aggregate net proceeds of HK\$289 million to the Company and (b) introduced the graphene production business to the Group with a strategic cooperation entered with Mr. Dai Jia Long (“Mr. Dai”) who possess the knowledge and expertise in the commercial production of graphene.

Graphene has a molecular structure comprising a single layer of carbon atoms bonded in a hexagonal structure and might be the strongest and thinnest material known to exist in nature. The material is also found to have other properties, including good elasticity, light weight, exceptionally high electronic and thermal conductivities, bacteriostasis, memory function and impermeability. Given the combination of properties of graphene itself, its downstream application is extensive. Examples of the uses of graphene include but not limited to energy storage (e.g. batteries), anti-corrosion coatings, electromagnetic coatings, thermally-conductive lubricants that reduce wear and friction, conductive paints to reduce the use of volatile organic compounds, high-sensitivity biological and chemical sensor.

The Board considers the development of the graphene production business to be a prime business opportunity, having taken into account (i) the long-term prospects of the graphene industry; (ii) the proven success of Mr. Dai in producing steady high-quality graphene; (iii) the technical cooperation agreement with The National Centre for Nanoscience and Technology of China (“NCNTC”) in respect of the establishment of The Joint Engineering Laboratory for Research and Applications of Graphene for a term of 3 years; (iv) the technical cooperation agreement with Marine Chemical Research Institute (“MCRI”) for research and applications of graphene in anti-erosion coatings and paints for a term of 3 years; (v) the satisfactory result of trial run of first graphene production line; (vi) the positive developments of graphene coatings applications by MCRI; and (vii) the Group’s wide connection with different industrialists, governmental institutes and scientific research institutes that the Group could capitalise on, the Board is confident that the

Group is well positioned to tap into the business of commercial production of high-quality graphene and it would be able to establish a foremost position in the currently fragmented and unfulfilled market.

Up to date of this announcement, the development progress of the graphene production business is good and met with the Board's expectation. The installation and trial run of the first graphene production line with annual capacity of approximately 3.5 tonnes was completed in April 2016 and the quality of its graphene outputs were affirmed by both NCNTC and MCRI. In June 2016, MCRI informed that there are positive developments in research and development of graphene based coatings applications using the graphene outputs. It is expected that the graphene production business would generate revenue in mid or late 2016 and profit in the first half of 2017.

Construction and other businesses

The Company intended to continue with its construction and other businesses. In relation to the construction-related business, although the shortage in skilled labour in Hong Kong is still the most challenging factor that the constructions businesses of the Group is facing, the Board is confident that the Group would be capable of securing promising business opportunities given its vast experience in handling a wide variety of construction works for over two decades in the past. The Group will continue to adopt various measures to improve the operating results of the construction-related businesses of the Group. On the other hand, the property development and provision of related management and advisory services business has been unfavorably affected by the disposal of the property under development in Australia during Fy2016 and its performance has been deteriorating since then. The Board will monitor its situation closely and take appropriate actions when it is needed.

(4) Capital Structure

Shares subscriptions and the issue of a convertible bond

On 16 December 2015, the Company entered into:

- (i) with Mr. Dai, an independent third party at that time, a subscription agreement, pursuant to which the Company will allot and issue, and Mr. Dai will subscribe for, 120,000,000 subscription shares at the subscription price of HK\$0.3 per share (the "Subscription Price");
- (ii) with Mega Start Limited ("Mega Start"), a substantial shareholder and a company wholly owned by Mr. Chau Chit ("Mr. Chau")(being the Chairman of the Company and an executive Director), (a) a subscription agreement, pursuant to which, the Company will allot and issue, and Mega Start will subscribe for, 90,000,000 subscription shares at the Subscription Price; and (b) a convertible bond agreement, pursuant to which, the Company will issue, and Mega Start will subscribe for, a convertible bond in a principal amount of HK\$24,000,000 (the "Convertible Bond"); and

(iii) with eight investors (the “Investors”), each of whom is an independent third party and not related to each other, subscription agreements, respectively, pursuant to which, the Company will allot and issue, and the Investors will subscribe for, a maximum of 690,000,000 subscription shares at the Subscription Price (collectively, the “Shares and Convertible Bond Subscriptions”).

On 3 February 2016, the Company completed the Shares and Convertible Bond Subscriptions. As a result, a total of 900,000,000 subscription shares with aggregate nominal value of HK\$9,000,000 have been subscribed for cash and duly allotted and issued to the subscribers, included Mr. Dai; Mega Start and the Investors, and the Convertible Bond in the principal amount of HK\$24,000,000 has been subscribed for cash and duly issued to Mega Start. The aggregate net proceeds from the Shares and Convertible Bond Subscriptions are approximately HK\$289,000,000 after deducting relevant expenses raised. The net proceeds from the issue of the subscription shares are applied for development of the new graphene production business and the net proceeds from the issue of the Convertible Bond are applied for general working capital of the Group other than for the graphene production business. Details of the Shares and Convertible Bond Subscriptions are set out in the Company’s announcements dated 16 December 2015 and 3 February 2016 and the Company’s circular dated 15 January 2016.

In accordance with the intended uses of the net proceeds set out in the section “Use of proceeds” in the circular of the Company dated 15 January 2016, the net proceeds received were applied during the year ended 31 March 2016 as follows:

Intended application of the net proceeds	Amount to be utilised	Amount utilised in Fy2016	Unutilised as at 31 March 2016
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
Setting up of the production plant and ancillary facilities for the new graphene production business	20	—	20
Installation of production lines	110	—	110
Establishment of the product quality control and testing centre	60	1.6	58.4
Recruitment of professional staff for the graphene production business, and establishments of scientific laboratories jointly with governmental institutes and universities	20	—	20
General working capital for the Group	<u>79</u>	<u>2.3</u>	<u>76.7</u>
Total	<u>289</u>	<u>3.9</u>	<u>285.1</u>

The Group held the unutilised net proceeds in cash at banks; short-term deposits or time deposits with banks in Hong Kong and the People's Republic of China as at 31 March 2016.

As at 31 March 2016, the Company's authorised share capital was HK\$20,000,000 divided into 2,000,000,000 shares of HK\$0.01 each, of which 1,200,000,000 ordinary shares were in issue and fully paid.

Share subdivision

By an ordinary resolution passed at the extraordinary general meeting on 29 April 2016, each of the existing issued and unissued ordinary shares of HK\$0.01 each in the share capital of the Company was subdivided into five ordinary shares of HK\$0.002 each (the "Subdivided Shares")(the "Share Subdivision"). Upon the Share Subdivision having become effective on 3 May 2016 and at the date of this announcement, the Company's authorised share capital was HK\$20,000,000 divided into 10,000,000,000 ordinary shares of HK\$0.002 each, of which 6,000,000,000 ordinary shares were in issue and fully paid. Details of the Share Subdivision are set out in the Company's announcements dated 23 March 2016 and 29 April 2016 and the Company's circular dated 13 April 2016.

(5) Financial Position

Except for the funds raised from the Shares and Convertible Bond Subscriptions during Fy2016 for the development of graphene production business as mentioned in section (4) Capital Structure above, the Group mainly relies upon funds generated internally together with bank and other loans to finance its operations and expansion.

The Group has certain portion of bank balances and cash denominated in currencies other than the functional currencies of the relevant entities to which they relate. In addition, the Group's sales and purchases are mainly transacted in Hong Kong dollar, United States dollar, Singapore dollar and Renminbi. Given that the exchange rates of such foreign currencies against Hong Kong dollar, our reporting currency, are relatively stable, the management believes that the foreign currency exchange risk is insignificant to the Group. As such, during Fy2016 and Fy2015, the Group does not have any financial instruments for currency hedging purpose but will consider hedging significant foreign currency exposure should the need arise.

Total interest bearing loans have decreased from HK\$207 million as at 31 March 2015 to HK\$174 million as at 31 March 2016. All borrowings were denominated in Hong Kong dollar, Singapore dollar and Renminbi. The Group's net cash balance have increased from 31 March 2015 of approximately HK\$175.5 million to 31 March 2016 of approximately HK\$456.2 million. The net cash balance is calculated by adding the pledged bank deposits, restricted cash and cash and cash equivalents and then subtracting interest-bearing bank and other borrowings in current portion. The increase in net cash balance was mainly due to the funds raised from the Shares and Convertible Bond Subscriptions in February 2016.

At the end of the reporting period, the Group had pledged the following assets to banks and an insurance company to secure the banking facilities and performance bonds granted to the Group:

	31 March 2016 HK\$'000	31 March 2015 HK\$'000
Property, plant and equipment	Nil	7,560
Other receivables	14,692	11,177
Bank deposits	39,816	19,717
Cash at bank	20,550	Nil
Bills receivables	Nil	<u>30,659</u>
	<u>75,058</u>	<u>69,113</u>

The Group currently does not have an interest rate hedging policy and the Group monitors interest risks continuously and considers hedging any excessive risk when necessary. At 31 March 2016, the Group has been granted total banking facilities of approximately HK\$98 million (as at 31 March 2015: approximately HK\$80.6 million). An amount of approximately HK\$59.3 million (as at 31 March 2015: approximately HK\$34.2 million) remained unutilised.

(6) Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 March 2016 and 31 March 2015 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statements of financial position and the amount of contingent liabilities in relation to financial guarantees issued by the Group. To minimise the credit risk, the management of the Group has delegated a team responsible for determination of monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivables regularly at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

(7) Liquidity and Financial Resources

The Group's liquidity and gearing ratio remain well managed as of the year end. As at 31 March 2016, the gearing ratio of the Group was 18.0% (31 March 2015: 26.7%). The gearing ratio is calculated by dividing total interest-bearing loans with total assets as at reporting date multiplied by 100%. The decrease in gearing ratio was mainly due to the net proceeds of HK\$289 million injected to the Group by the Shares and Convertible Bond Subscriptions in February 2016.

As at 31 March 2016, current assets and current liabilities were stated at approximately HK\$944.3 million (as at 31 March 2015: approximately HK\$734.8 million) and approximately HK\$458.8 million (as at 31 March 2015: approximately HK\$572.2 million), respectively. The current ratio increased from 1.28 times as at 31 March 2015 to 2.06 times as at 31 March 2016 as a result of the Shares and Convertible Bond Subscriptions in February 2016. The current ratio is calculated by dividing current assets with current liabilities as at the end of respective period.

The management and control of the Group's financial, capital management and external financing functions are monitored centrally by our Group's finance department in Hong Kong. The Group adheres to prudent financial management principles in order to control and minimise financial and operational risks.

The Group's financial position is sound and strong. With its available bank balances and cash and existing available bank credit facilities, the Group has sufficient liquidity and financial resources to satisfy its foreseeable financial requirements.

(8) Contingent Liabilities and Capital Commitments

At the end of each reporting period, the Group had provided the following guarantees:

	31 March 2016	31 March 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Guarantees in respect of performance bonds in favor of its clients	<u>141,189</u>	<u>164,306</u>

The Group did not have any significant capital commitment as at 31 March 2016 and 31 March 2015.

(9) Available-For-Sale Investments

As at 31 March 2016, the Group has available-for-sale investments of approximately HK\$3.4 million (as at 31 March 2015: approximately HK\$7.9 million), which comprised primarily investment in the listed shares of a listed company in Singapore, HLH Group Limited. As at 31 March 2016, the Group held 89,400,000 shares (as at 31 March 2015: held 89,400,000 shares). An impairment loss of approximately HK\$4.1 million (Fy2015: HK\$2.9 million) is recorded in profit or loss in Fy2016 as a result of the prolonged decline in the market value of the listed shares. The fair values of the above listed shares are determined based on the quoted bid prices available on the Singapore Exchange Limited.

(10) Movement of incomplete contracts for the year ended 31 March 2016

	31 March 2015	Contracts Secured	Contracts Completed	31 March 2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Building Construction	1,492,626	19,671	400,996	1,111,301
Property Maintenance	1,217,918	766,483	—	1,984,401
Alteration, Renovation, Upgrading and Fitting-Out Works	<u>656,932</u>	<u>420,296</u>	<u>267,748</u>	<u>809,480</u>
	<u><u>3,367,476</u></u>	<u><u>1,206,450</u></u>	<u><u>668,744</u></u>	<u><u>3,905,182</u></u>

(11) Employees and remuneration policies

As at 31 March 2016, the Group employed a total of 338 staff (as at 31 March 2015: 328 staff) which included Hong Kong, Macau, Singapore and Mainland China employees. The total remuneration for staff was approximately HK\$111 million for FY2016 (FY2015: approximately HK\$116 million).

The Group establishes its remuneration policy by making reference to the prevailing market conditions and a performance-based reward system. It is to ensure that the Group is able to attract, retain and motivate executives of the highest caliber, essential to the successful leadership and effective management of the Group. The performance measures are balanced between financial and industrial comparatives. The components of remuneration package are consisted of basic salary, allowances, benefit-in-kind, fringe benefits including medical insurance and contributions to mandatory provident funds, as well as incentives like discretionary bonus. The Group also provides external training programmes which are complementary to certain job functions.

The remuneration packages of the senior management are recommended by the managing director of the respective company and approved by the Board by reference to their respective responsibilities and accountability, target achievements, business results and market competitiveness of the Group. The remuneration packages of the managerial and support staff are determined by the directors of the respective company.

(12) Material acquisitions and disposal of subsidiaries and associated companies

Save as the disposal of Wan Chung Property Company Limited, an indirect wholly-owned subsidiary of the Group, as disclosed in the note 3 to the financial statements of the Group, there was no material acquisition or disposal of subsidiaries or associated companies by the Group in FY2016.

(13) Future plan for material investment or acquisition of capital asset

At the date of this announcement, save as the details of the intended application of the net proceeds disclosed in the circular of the Company dated 15 January 2016, the Group had not executed any other agreement in respect of material investment or capital asset and did not have any other future plans relating to material investment or capital asset.

DIVIDEND

The Board does not recommend the payment of final dividend in respect of the year ended 31 March 2016 (2015: Nil). No interim dividend was declared for the six months ended 30 September 2015 (2014: Nil).

CORPORATE GOVERNANCE PRACTICE

The Directors consider that incorporating the elements of good corporate governance in the management structures and internal control procedures of the Group could balance the interests of the shareholders, customers and employees of the Company. During the year ended 31 March 2016, the Board had adopted the principles and the code provisions as set out in Corporate Governance Code and Corporate Governance Report (the “CG Code”) in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

In accordance with the requirements of the Listing Rules, the Company has established an audit committee, a remuneration committee and a nomination committee with specific written terms of reference and made such terms of reference available on the websites of the Stock Exchange and the Company.

Save as disclosed below, during the year ended 31 March 2016, the Company had complied with the CG Code as set out in Appendix 14 to the Listing Rules.

According to the code provision A.1.1 of the CG Code, the Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals. During the year, nine regular Board meetings were held.

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. During the year ended 31 March 2016, Mr. Chau Chit was the chairman of the Company since 23 September 2015 (previously, Mr. Wang Zhijun was the chairman of the Company until he resigned on 23 September 2015) and Mr. Hu Baoyue was the acting chief executive officer. Therefore, the code provision A.2.1 of the CG Code has been complied with.

According to the code provision A.2.7 of the CG Code, the chairman should at least annually hold meetings with the non-executive Directors and independent non-executive Directors without the executive Directors present. During the year ended 31 March 2016, the chairman had met the non-executive Director and the independent non-executive Directors respectively and individually without the presence of other executive Directors.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”). Specific enquiry has been made to each of the Directors and all Directors have confirmed that they had complied with the Model Code during the year ended 31 March 2016.

AUDIT COMMITTEE

The Audit Committee currently comprises all of the independent non-executive Directors of the Company, namely, Mr. Tam Tak Kei Raymond, Mr. Wong Kai Tung Simon and Mr. Wong Wai Kwan. The Audit Committee of the Company has reviewed the accounting standards and practices adopted by the Group and discussed with the management about the internal control and financial reporting matters, including reviewing the interim financial information for the six months ended 30 September 2015 and the consolidated financial statements and annual results for the year ended 31 March 2016.

SCOPE OF WORK OF THE COMPANY’S AUDITORS

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2016 as set out in the preliminary announcement have been agreed by the Company’s auditors to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by the Company’s auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company’s auditors on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 19 September 2016 to Wednesday, 21 September 2016 (both dates inclusive) during which period no transfer of shares of the Company will be registered. In order to attend and vote at the annual general meeting of the Company which is scheduled to be held on 21 September 2016, all transfer of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:00 p.m. on Thursday, 15 September 2016.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the Company's website (<http://www.visionfame.com>) and the Stock Exchange's website (<http://www.hkex.com.hk>). The 2016 annual report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and available on the same websites in due course.

EVENT AFTER THE REPORTING PERIOD

According to the circular published by the Company dated 13 April 2016, the Board proposed to subdivide each of the existing issued and unissued shares of HK\$0.01 each in the share capital of the Company into five ordinary shares of HK\$0.002 each (the "Share Subdivision").

The Share Subdivision was approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 29 April 2016. The Share Subdivision became effective on 3 May 2016.

By Order of the Board
Vision Fame International Holding Limited
CHAU CHIT
Chairman

Hong Kong, 28 June 2016

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Chau Chit, Mr. Hu Baoyue and Mr. Kwan Ngai Kit; one non-executive director, Mr. Chen Guobao; and three independent non-executive directors, namely Mr. Tam Tak Kei Raymond, Mr. Wong Kai Tung Simon and Mr. Wong Wai Kwan.