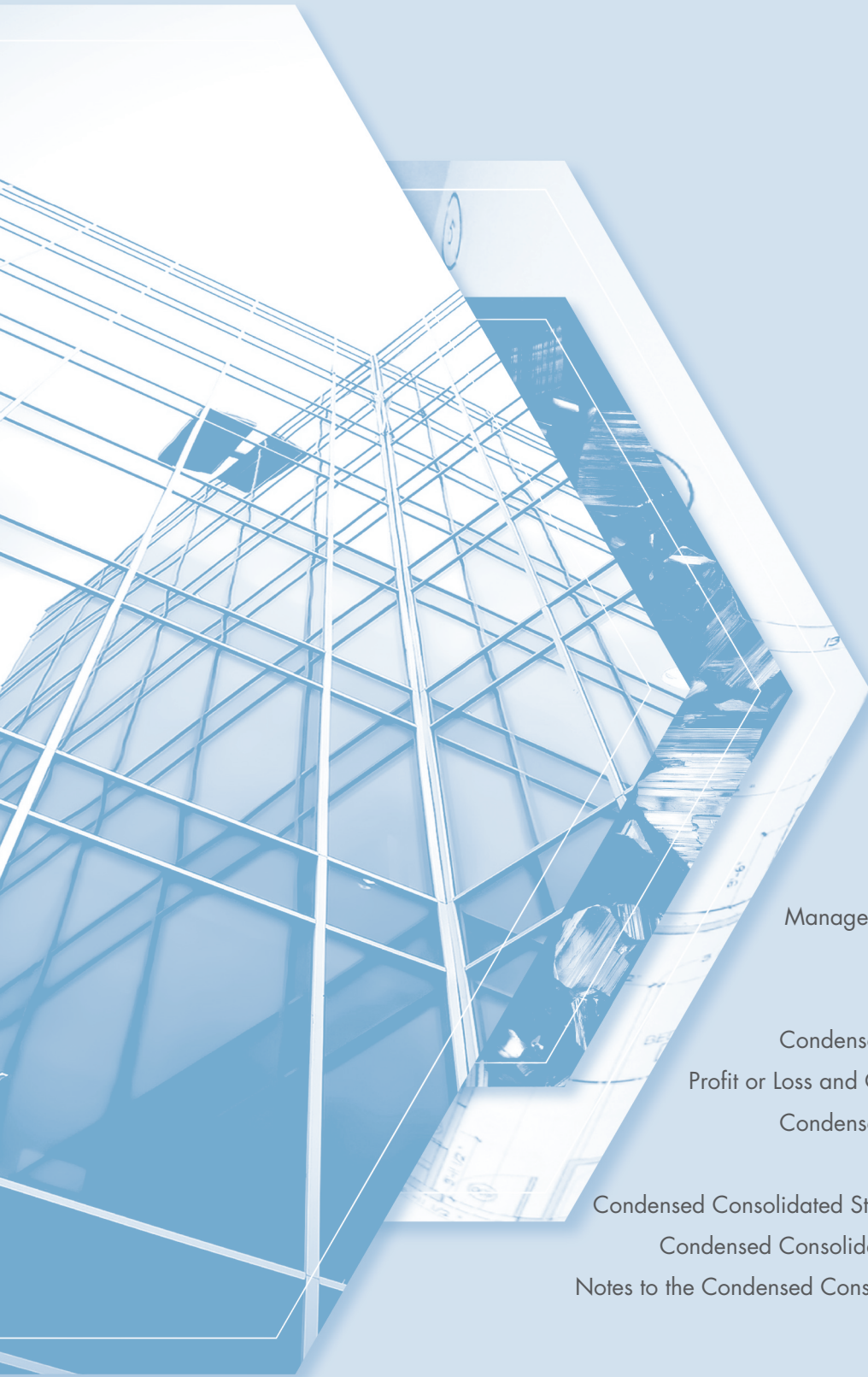




**Vision Fame International  
Holding Limited**  
**允升國際控股有限公司**

(incorporated in the Cayman Islands with limited liability)  
Stock Code: 1315

**INTERIM REPORT 2017**



# CONTENTS

---

Corporate Information	02
Management Discussion and Analysis	04
Report on Review of Interim	16
Financial Information	
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	18
Condensed Consolidated Statement of Financial Position	20
Condensed Consolidated Statement of Changes in Equity	22
Condensed Consolidated Statement of Cash Flows	24
Notes to the Condensed Consolidated Financial Statements	25
Other Information	41

# CORPORATE INFORMATION

## EXECUTIVE DIRECTORS

Chau Chit (*Co-Chairman and Chief Executive Officer*)  
Dai Jialong (*Co-Chairman*)  
Xie Xiaotao

## NON-EXECUTIVE DIRECTOR

Chen Guobao (*resigned on 24 October 2017*)

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Tam Tak Kei Raymond  
Wong Kai Tung Simon  
Wong Wai Kwan

## COMPANY SECRETARY

Au-yeung Lok Man

## AUDIT COMMITTEE

Tam Tak Kei Raymond (*Chairman*)  
Wong Kai Tung Simon  
Wong Wai Kwan

## REMUNERATION COMMITTEE

Wong Kai Tung Simon (*Chairman*)  
Chau Chit  
Dai Jialong  
Tam Tak Kei Raymond  
Wong Wai Kwan  
Xie Xiaotao  
Chen Guobao (*resigned on 24 October 2017*)

## NOMINATION COMMITTEE

Chau Chit (*Chairman*)  
Dai Jialong  
Tam Tak Kei Raymond  
Wong Kai Tung Simon  
Wong Wai Kwan  
Xie Xiaotao  
Chen Guobao (*resigned on 24 October 2017*)

## REGISTERED OFFICE

Clifton House  
75 Fort Street  
P.O. Box 1350  
Grand Cayman  
KY1-1108  
Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Offices A and B, 18/F., Alliance Building  
No. 130-136 Connaught Road Central, Hong Kong

## AUTHORISED REPRESENTATIVES

Chau Chit  
Au-yeung Lok Man

## AUDITOR

Ernst & Young  
22/F., CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong

### PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
The Hongkong and Shanghai Banking Corporation Limited  
Industrial and Commercial Bank of China (Asia) Limited  
DBS Bank (Hong Kong) Limited  
DBS Bank Limited  
Chong Hing Bank Limited

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited  
Clifton House  
75 Fort Street  
P.O. Box 1350  
Grand Cayman  
KY1-1108  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited  
Suites 3301-04, 33/F., Two Chinachem Exchange Square  
338 King's Road  
North Point, Hong Kong

### COMPANY WEBSITE

[www.visionfame.com](http://www.visionfame.com)

# MANAGEMENT DISCUSSION AND ANALYSIS

## (1) INTERIM RESULTS

For the half year ended 30 September 2017 (the "Period"), the Group recorded a turnover of approximately HK\$516,292,000, representing an approximately 33% decrease as compared to approximately HK\$770,847,000 of the same period in 2016 (the "Prior Interim Period"). The decrease in turnover for the Period was mainly attributable to the decreased revenue from building construction segment (from approximately HK\$154,261,000 to approximately HK\$106,234,000), and property maintenance segment (from approximately HK\$292,867,000 to approximately HK\$144,056,000) as compared to the Prior Interim Period.

The Group recorded a gross profit of approximately HK\$24,620,000 (Prior Interim Period: approximately HK\$28,267,000) for the Period, representing an approximately 13% decrease as compared to the Prior Interim Period. The percentage decrease in gross profit is less than that in revenue was mainly attributable to the high gross profit margin (approximately 12%) contributed by the building construction segment for the Period as compared to approximately 2% for the Prior Interim Period.

The fluctuations in revenue and segment results are further discussed in the Review of Operations section below.

The loss attributable to owners of the Company for the Period was approximately HK\$13,553,000 as compared to the profit of approximately HK\$5,024,000 in Prior Interim Period. The turnaround in the result for the Period was mainly attributable to the following factors:

- (i) The increase in the consultancy and research fee paid for and the depreciation of plant and machinery used in the development of the graphene downstream applications during the Period;
- (ii) The fluctuation in the exchange rate of Renminbi ("RMB") in the Prior Interim Period for which the Group recorded realised and unrealised gain of HK\$5,372,000 as it depreciated against Hong Kong dollar ("HKD") during that period. For the Period under Review, the Group recorded realised and unrealised loss of HK\$522,000 as RMB appreciated against HKD in the Period; and
- (iii) The recognition of an impairment loss of HK\$3,383,000 on the investment in unlisted equity investments (represented a joint venture company established in the People's Republic of China and classified as available for sales investment carried at cost), due to the termination of the cooperation between the Group and the other investors in the development of graphene downstream applications in the joint venture company.

Basic loss per share for the Period was approximately HK0.23 cent (Prior Interim Period: earnings per share approximately HK0.08 cent) and diluted loss per share was approximately HK0.23 cent (Prior Interim Period: earnings per share approximately HK0.08 cent).

### (2) REVIEW OF OPERATIONS

#### (i) Building Construction and Other Construction Related Business

Revenue for the building construction segment for the Period was approximately HK\$106,234,000 (Prior Interim Period: approximately HK\$154,261,000). The decrease in the segment revenue is in line with the decrease in number of building construction and related projects in progress during the Period. For the Period under review, the average contract sum of construction and related contracts in progress was amounted to approximately HK\$705,359,000 (Prior Interim Period: approximately HK\$1,107,792,000). Such decrease is mainly attributable to the completion of certain large scale projects in Singapore in the Prior Interim Period. During the Period the Group had won 2 (Prior Interim Period: 4) new contracts for building construction with total contract value amounting to approximately HK\$237 million (Prior Interim Period: approximately HK\$137 million).

On the contrary, the segment profit for the Period was increased from approximately HK\$3,635,000 to approximately HK\$12,405,000 as compared to Prior Interim Period. Such increment in segment profit was mainly attributable to the recovery of a considerable amounts for variation orders in the Period for a loss making project.

#### (ii) Property Maintenance

Revenue for the property maintenance segment for the Period was approximately HK\$144,056,000 (Prior Interim Period: approximately HK\$292,867,000) and segment profit was approximately HK\$4,098,000 (Prior Interim Period: approximately HK\$13,801,000).

The decrease in both segment revenue and segment profit was mainly attributable to the expiration of two large scale long term property maintenance contracts (with a total contract value of approximately HK\$922 million) in March 2017, which had contributed approximately 58% of the revenue of the Prior Interim Period. On the other hand, two large scale property maintenance contracts with total contract value of approximately HK\$1,054 million won in 2017 were still at early stage/yet to commence, for which, less work orders were received during the Period. It is expected that these contracts would go in full swing by the end of 2017 and early 2018 respectively.

#### (iii) Alterations, renovation, upgrading and fitting-out works (collectively "A&A works")

Revenue for the A&A works segment for the Period was approximately HK\$135,272,000 (Prior Interim Period: approximately HK\$162,432,000) and segment profit was approximately HK\$9,778,000 (Prior Interim Period: approximately HK\$11,352,000). The decrease is in line with the decrease in number of contracts in progress, which had an average contract value of approximately HK\$665 million for the Period and approximately HK\$700 million for the Prior Interim Period.

### (2) REVIEW OF OPERATIONS (Continued)

#### (iv) Graphene Production and Trading of materials

Revenue for this segment of the Period included sales of graphene of approximately HK\$115,000 (Prior Interim Period: approximately HK\$1,623,000) and sales of materials of approximately HK\$130,615,000 (Prior Interim Period: approximately HK\$159,664,000). Segment loss was approximately HK\$3,715,000 (Prior Interim Period: segment profit of approximately HK\$92,000).

The sales of graphene for the Period and Prior interim Period represented sales to research institutes and manufacturers in the nanometer-scaled/metals material industry for application test purposes. During the Period, the Group continued to cooperate with universities and research institutes for the development of graphene downstream applications. In the last financial period, two targeted applications, namely the anti-corrosive coating and visible light photocatalytic net, have been successfully developed using the Group's graphene output. The Group has been actively seeking for business partners in commercialization for the two developed applications. Further details of the development of the graphene business are set out in the Prospects section below.

For the trading of materials business, the Group mainly sells titanium dioxide, which was widely used in pigment, sunscreen and food coloring. During the Period, the Group sold approximately 3,660 tonnes of titanium dioxide as compared to approximately 4,500 tonnes in Prior Interim Period.

### (3) PROSPECTS

#### Graphene production business

The Board considers the development of the graphene production business to be a prime business opportunity. Up to the date of this report, the Group had entered into cooperation agreements with universities and research institutes for development of downstream graphene products, including:

- (i) 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;
- (ii) 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; and
- (iii) the technical cooperation agreement with Tongji University and Shanghai Jiao Tong University for the development of graphene-based electrochemical energy storage equipment.

Other than the above, two targeted applications, namely anti-corrosive coating and visible light photocatalytic net have been successfully developed using the Group's graphene output.

### (3) PROSPECTS (Continued)

The anti-corrosive coating or primer is a light weight heavy-duty coating layer for the application in the marine and navigation environment. In January 2017, the Group entered into a joint venture with the subsidiary of Shuangliang Eco-Energy System Holding Company Limited ("Shuangliang Eco-Energy") and other investors to set up a joint venture company in the People's Republic of China ("PRC") for the purpose of investing in and developing the Graphene Anti-corrosive Coating Technology. The cooperation agreement was terminated by mutual consent of the contracting parties during the Period. Nevertheless, the Group is in negotiation with a number of domestic investors for the commercialization of the anti-corrosive coating. It is expected that a positive outcome could be realised in the last quarter of 2017.

The visible light photocatalysis net is designed to decompose the toxic organic matter in the water, it is a deodorant that increases the oxygen content of rivers, and has the strong compatibility of other water treatment technology. The Group has entered into a sales contract with a customer whereby the Group agreed to supply not less than 1,200 kilograms of graphene for production of photocatalytic products for a period of 12 months to the customer, who has submitted tenders for the municipal engineering projects in respect of the water purification treatment of rivers, sewage plants and odor water by using visible light photocatalysis products and technologies.

The Group will continue to cooperate with specialists, universities and research institutes to extend the use of graphene in other areas, such as electrical equipment, military and aerospace facilities and other high-energy and high-power electronic products, further widening the market for graphene products.

#### Building construction, property maintenance and A&A works

The Hong Kong construction expenditure is still maintaining uptrend. According to the construction expenditure forecast published by the Construction Industry Council, the total construction expenditure in private and public sectors is expected to record a steady growth in the coming years. However, under the vigorous market competition, the Group will stay cautious in maintaining satisfactory margin as well as high standard of work quality to secure business competitiveness.

On the contrary, the Singapore construction market saw reductions in both public and private sectors in the first half of 2017. It was fortunate that increment in materials price such as concreting materials was compensated by decline in rebar. Nevertheless, the Group's Singapore operating environment has become even more challenging as higher grade firms are bidding for lower value category projects while new players are competing for jobs in different sectors. The Group believes that with the recent en-bloc redevelopment fever in Singapore, more and bigger construction projects would emerge in the near future. Until then, the Group's strategy is to tide over the current downtrend by participating in tenders for both new building and A&A works from different sectors and industry.

For the construction in Macau, job opportunity for Hong Kong building contractors is limited as most of the Macau mega size construction works were completed/closed to completion. This will continue for a period of time till Hong Kong — Macau bridge opens to vehicular traffic.



### (3) PROSPECTS (Continued)

#### Other businesses

The Group will continue to review and reassess the business model of other operations and to explore new business opportunities that could provide stable/promising returns and prospects in long term for the Group.

### (4) AVAILABLE-FOR-SALE INVESTMENTS

As at 30 September 2017, the Group has available-for-sale investments of approximately HK\$24 million (as at 31 March 2017: approximately HK\$22.8 million), which comprised primarily (1) investment in the certificate of deposit issued by Dah Sing Bank Limited due in February 2018, of approximately HK\$20.1 million (as at 31 March 2017: approximately HK\$14.1 million); and (2) investment in the 89,400,000 listed shares with market value of approximately HK\$3.6 million (as at 31 March 2017: approximately HK\$5.0 million) of a listed company in Singapore, HLH Group Limited. The fair values of the above listed shares are determined based on the quoted bid prices available on the Singapore Exchange Limited.

Included in available-for-sale investments as at 31 March 2017 was an unlisted equity investment of approximately HK\$3.4 million, which represented 10% equity interest in joint venture company established in the PRC. During the Period, the cooperation between the Group and the other investors in development of graphene downstream applications in the joint venture company was terminated. As a result, there was an impairment loss of approximately HK\$3.4 million on the available-for-sale investment during the Period.

### (5) MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Period, there was no material acquisition and disposal of subsidiaries and associated companies by the Group.

### (6) LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a strong and healthy financial position. As at 30 September 2017, the current assets and current liabilities were stated at approximately HK\$855.5 million (as at 31 March 2017: approximately HK\$979.1 million) and approximately HK\$379.6 million (as at 31 March 2017: approximately HK\$475.7 million), respectively. The current ratio slightly increased from 2.06 times as at 31 March 2017 to 2.25 times as at 30 September 2017. The current ratio is calculated by dividing current assets with current liabilities as at the end of the respective periods.

### (6) LIQUIDITY AND FINANCIAL RESOURCES (Continued)

As at 30 September 2017, the Group had total cash and bank deposits of approximately HK\$281.4 million (as at 31 March 2017: approximately HK\$460.5 million). As at 30 September 2017, total interest-bearing loans and zero-coupon convertible bond amounted to approximately HK\$284.5 million (31 March 2017: approximately HK\$172.0 million) and approximately HK\$15.3 million (31 March 2017: approximately HK\$14.3 million) respectively. The Group's net cash balance (the sum of pledged bank deposits and restricted cash and cash and cash equivalents less interest-bearing bank and other borrowings and a loan from a related party in current portion) has decreased from approximately HK\$459.4 million as at 31 March 2017 to approximately HK\$240.2 million as at 30 September 2017. The decrease in net cash balance was due to working capital utilised to finance the operations of the Group and capital expenditure on property, plant and equipment of the Group.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. As at 30 September 2017, the Group had obtained credit facilities from various banks and financial institutions up to a maximum amount of approximately HK\$232,793,000 (31 March 2017: approximately HK\$199,003,000 and approximately HK\$50,030,000 (31 March 2017: approximately HK\$51,175,000) of the credit facilities has been utilized.

As at 30 September 2017, the gearing ratio of the Group was approximately 30.2% (as at 31 March 2017: approximately 16.6%). The gearing ratio is calculated by dividing total interest-bearing borrowings with total assets as at the reporting date multiplied by 100%.

With its available bank balances and cash and existing available bank credit facilities, the Group has sufficient liquidity and financial resources to satisfy the financial requirements of its existing businesses.

### (7) FOREIGN EXCHANGE AND INTEREST RATE RISK

The Group adheres to prudent financial management principle in order to control and minimise financial and operational risks. 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. The Group will, from time to time, review its foreign exchange position and market conditions to determine if any hedging is required.

Similarly, the Group currently does not have an interest rate hedging policy and the Group monitors interest rate risks continuously and considers hedging any excessive risk when necessary.

### (8) PLEDGE OF ASSETS

Details of the Group's assets that are pledged to secure banking borrowings and performance bonds facilities granted to the Group are set out in note 17 to the condensed consolidated financial statements.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (9) CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group's significant capital commitments and contingent liabilities as at 30 September 2017 are set out in note 16 and note 18 to the condensed consolidated financial statements respectively.

### (10) EVENT AFTER THE REPORTING PERIOD

No significant event has taken place after 30 September 2017 and up to the date of this interim report.

### (11) MOVEMENT OF INCOMPLETE CONTRACTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	31 March 2017 HK\$'000	Contracts Secured HK\$'000	Contracts Completed HK\$'000	30 September 2017 HK\$'000
Building Construction	670,924	237,470	168,600	<b>739,794</b>
Property Maintenance	1,842,081	275,435	40,945	<b>2,076,571</b>
Alteration, Renovation, Upgrading and Fitting-Out Works	603,716	383,398	261,041	<b>726,073</b>
<b>Total</b>	<b>3,116,721</b>	<b>896,303</b>	<b>470,586</b>	<b>3,542,438</b>

#### Building Construction segment

Contracts secured during the six months ended 30 September 2017

Contracts	Commencement date	Contract value HK\$'000
Main contract works at nos.600-626, Shanghai Street, Mongkok, Kowloon, Hong Kong	May 2017	155,800
Proposed additions & alterations of existing SIMTech tower block for Nanyang Technological University, Singapore	September 2017	81,670
<b>Total</b>		<b>237,470</b>

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (11) MOVEMENT OF INCOMPLETE CONTRACTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017 (Continued)

#### Property Maintenance segment

Contracts secured during the six months ended 30 September 2017

Contracts	Commencement date	Contract value HK\$'000
Term contract for the maintenance of slopes for Kowloon and Lantau Island, Hong Kong	October 2017	273,892
Conversion of event pillar boxes to power safe panels at Marina Bay Sands, Singapore	April 2017	420
Office renovation at Marina Bay Sands, Singapore	July 2017	394
Addition and alteration works to hotel level 55 at Marina Bay Sands, Singapore	July 2017	170
Addition and alteration works to grand theatre and BOH areas at Marina Bay Sands, Singapore	July 2017	428
Office renovation works to casino at Marina Bay Sands, Singapore	July 2017	131
Total		275,435

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (11) MOVEMENT OF INCOMPLETE CONTRACTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017 (Continued)

#### Alterations, Renovation, Upgrading and Fitting-Out Works segment

Contracts secured during the six months ended 30 September 2017

Contracts	Commencement date	Contract value HK\$'000
Pure Yoga fit-out works at Pacific Place, 88 Queensway, Admiralty, Hong Kong	May 2017	18,551
Main contract for asset enhancement works at Sam Shing Commercial Centre, Hong Kong	June 2017	24,480
Alteration and addition works at Yuen Long Industrial Estate, Yuen Long, Hong Kong	June 2017	9,500
Alterations and additions works for laboratories of the Hong Kong Polytechnic University, Hong Kong	June 2017	18,995
Fit-out works for Rectangular Wings of Pao Yue-kong Library at the Hong Kong Polytechnic University, Hong Kong	June 2017	17,080
Main contract for renovation works at Hin Keng Shopping Centre, Hong Kong	August 2017	26,648
Fit-out works for airport staff resting lounges and relaxation corner in Terminal 1, Hong Kong International Airport, Hong Kong	July 2017	3,786
Renovation at St. Raphael's Catholic Cemetery, Kowloon, Hong Kong	September 2017	2,429
Main contract for proposed addition and alteration works to conversion of services apartment to office, Harbour City, Kowloon, Hong Kong	March 2018	261,929
<b>Total</b>		<b>383,398</b>

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (11) MOVEMENT OF INCOMPLETE CONTRACTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017 (Continued)

#### Building Construction segment

Contract completed during the six months ended 30 September 2017

Contract	Commencement date	Completion date	Contract value HK\$'000
Proposed Research and Development Centre at Yuen Long Industrial Estate, N.T., Hong Kong	January 2015	May 2017	168,600
Total			168,600

#### Property Maintenance segment

Contracts completed during the six months ended 30 September 2017

Contracts	Commencement date	Completion date	Contract value HK\$'000
Renovation of vacant quarters for The University of Hong Kong	August 2015	September 2017	40,000
Conversion of event pillar boxes to power safe panels at Marina Bay Sands, Singapore	April 2017	July 2017	420
Office renovation at Marina Bay Sands, Singapore	July 2017	August 2017	394
Office renovation works to Casino at Marina Bay Sands, Singapore	July 2017	September 2017	131
Total			40,945

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (11) MOVEMENT OF INCOMPLETE CONTRACTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017 (Continued)

#### Alterations, Renovation, Upgrading and Fitting-Out Works segment

Contracts completed during the six months ended 30 September 2017

Contracts	Commencement date	Completion date	Contract value HK\$'000
Creation of anchor stores on 4/F of Gateway II (Atrium I) in Harbour City, Kowloon, Hong Kong	August 2014	April 2017	158,821
Revamp of commercial areas at Level 6 West Hall of Terminal 1 for Hong Kong International Airport, Hong Kong	July 2015	April 2017	20,534
Roof extension of Li Ka Shing Tower at 18/F at the Hong Kong Polytechnic University, Hong Kong	April 2016	July 2017	18,294
Fitting out works for uniform sorting and auto-retrieval system at Dragonair and Cathay Cargo, Hong Kong	April 2016	July 2016	1,770
Supply and installation of high speed doors and associated works at Hong Kong International Airport, Hong Kong	August 2016	June 2017	3,259
Renovation works bread automation system for food factory, Tai Po Industrial Estate, Hong Kong	September 2016	April 2017	18,931
Fitout works for Rectangular Wings of Pao Yue-kong Library at the Hong Kong Polytechnic University, Hong Kong	June 2017	September 2017	17,080
Design and build of a new storeroom at Tai Tam campus of Hong Kong International School, Hong Kong	March 2017	September 2017	3,801
Pure Yoga fit-out works at Pacific Place, 88 Queensway, Admiralty, Hong Kong	May 2017	September 2017	18,551
<b>Total</b>			<b>261,041</b>

### (12) EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2017, the Group employed a total of 261 staff (as at 30 September 2016: 336 staff) which included Hong Kong, Singapore, the People's Republic of China and Macau employees. The total remuneration for staff was approximately HK\$36 million for the Period (Prior Interim Period: approximately HK\$46 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.



# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



## To the board of directors of Vision Fame International Holding Limited

*(Incorporated in Cayman Islands with limited liability)*

### INTRODUCTION

We have reviewed the interim financial information set out on pages 18 to 40 which comprises the condensed consolidated statement of financial position of Vision Fame International Holding Limited (the "Company") and its subsidiaries as at 30 September 2017 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants.

The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

### **Ernst & Young**

*Certified Public Accountants*

22/F, CITIC Tower  
1 Tim Mei Avenue, Central  
Hong Kong

28 November 2017

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2017

	<i>Notes</i>	Six months ended 30 September 2017 HK\$'000 (Unaudited)	Six months ended 30 September 2016 HK\$'000 (Unaudited)
REVENUE	3	516,292	770,847
Cost of sales		(491,672)	(742,580)
Gross profit		24,620	28,267
Other income and gains		5,435	9,791
Administrative expenses		(31,380)	(29,509)
Research and development costs		(4,015)	(1,759)
Other operating losses		(4,486)	—
Finance costs	4	(1,986)	(1,766)
PROFIT/(LOSS) BEFORE TAX	5	(11,812)	5,024
Income tax expense	6	(1,741)	—
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		(13,553)	5,024
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		(1,521)	535
Exchange differences:			
Reclassification adjustment for deregistration of foreign operations during the period		—	(681)
Exchange differences on translation of foreign operations		13,887	(11,711)
		13,887	(12,392)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		12,366	(11,857)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX		12,366	(11,857)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		(1,187)	(6,833)

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 September 2017

	<i>Notes</i>	Six months ended 30 September 2017	Six months ended 30 September 2016
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	7		
— Basic (HK cents)		<b>(0.23)</b>	0.08
— Diluted (HK cents)		<b>(0.23)</b>	0.08

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2017

	<i>Notes</i>	<b>30 September 2017 HK\$'000 (Unaudited)</b>	31 March 2017 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	<b>70,318</b>	44,982
Available-for-sale investments		<b>3,910</b>	8,655
Prepayments, deposits and other receivables		<b>12,572</b>	6,375
<b>Total non-current assets</b>		<b>86,800</b>	60,012
<b>CURRENT ASSETS</b>			
Gross amount due from contract customers		<b>7,964</b>	10,785
Trade receivables	10	<b>332,410</b>	368,603
Prepayments, deposits and other receivables		<b>212,672</b>	123,296
Available-for-sale investments		<b>20,105</b>	14,099
Tax recoverable		<b>959</b>	1,769
Pledged bank deposits and restricted cash		<b>58,583</b>	54,456
Cash and cash equivalents		<b>222,781</b>	406,057
<b>Total current assets</b>		<b>855,474</b>	979,065
<b>CURRENT LIABILITIES</b>			
Gross amount due to contract customers		<b>20,359</b>	7,561
Trade payables	11	<b>278,826</b>	353,658
Other payables and accruals		<b>37,234</b>	75,183
Amounts due to related parties	19(b)	<b>438</b>	36,655
A loan from a related party	19(b)	<b>31,050</b>	—
Tax payable		<b>1,609</b>	1,548
Interest-bearing bank and other borrowings	12	<b>10,094</b>	1,086
<b>Total current liabilities</b>		<b>379,610</b>	475,691
<b>NET CURRENT ASSETS</b>		<b>475,864</b>	503,374
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>562,664</b>	563,386

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 September 2017

	<i>Notes</i>	<b>30 September 2017 HK\$'000 (Unaudited)</b>	31 March 2017 HK\$'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Convertible bond	13	<b>15,318</b>	14,323
Loans from a related party	19(b)	<b>243,009</b>	243,009
Interest-bearing other borrowings	12	<b>375</b>	905
Other payables and accruals		<b>487</b>	487
<b>Total non-current liabilities</b>		<b>259,189</b>	258,724
<b>Net assets</b>		<b>303,475</b>	304,662
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital	14	<b>12,000</b>	12,000
Equity component of convertible bond	13	<b>11,746</b>	11,746
Other reserves		<b>279,729</b>	280,916
<b>Total equity</b>		<b>303,475</b>	304,662

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	Issued capital	Share premium account (note i)	Equity component of convertible bonds	Exchange reserve	Capital reserve (note ii)	Legal reserve (note iii)	Available-for-sale investments revaluation reserve	Other reserve (note iv)	Retained profits/ (accumulated losses)	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2017 (Audited)	12,000	300,824	11,746	(14,980)	3,642	12	2,007	22,000	(32,589)	304,662
Loss for the period	—	—	—	—	—	—	—	—	(13,553)	(13,553)
Other comprehensive income/(loss) for the period:										
Change in fair value of available-for-sale investments, net of tax	—	—	—	—	—	—	(1,521)	—	—	(1,521)
Exchange differences related to foreign operations	—	—	—	13,887	—	—	—	—	—	13,887
Total comprehensive income/(loss) for the period	—	—	—	13,887	—	—	(1,521)	—	(13,553)	(1,187)
At 30 September 2017 (unaudited)	12,000	300,824*	11,746	(1,093)*	3,642*	12*	486*	22,000*	(46,142)*	303,475
At 1 April 2016 (Audited)	12,000	300,824	11,746	6,506	3,642	12	—	22,000	(32,444)	324,286
Profit for the period	—	—	—	—	—	—	—	—	5,024	5,024
Other comprehensive income/(loss) for the period:										
Change in fair value of available-for-sale investments, net of tax	—	—	—	—	—	—	535	—	—	535
Exchange differences related to foreign operations	—	—	—	(12,392)	—	—	—	—	—	(12,392)
Total comprehensive income/(loss) for the period	—	—	—	(12,392)	—	—	535	—	5,024	(6,833)
At 30 September 2016 (unaudited)	12,000	300,824*	11,746	(5,886)*	3,642*	12*	535*	22,000*	(27,420)*	317,453

\* These reserve accounts comprise the consolidated other reserves of HK\$279,729,000 (30 September 2016: HK\$293,707,000) in the condensed consolidated statement of financial position as at 30 September 2017.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 September 2017

*Notes:*

- (i) Under the Companies Law, Cap. 22 (Law 6 of 1961, as consolidated and revised) of the Cayman Islands, the share premium account of the Company is distributable to its shareholders, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.
- (ii) Capital reserve comprises the following:
- Wan Chung Construction Company Limited ("Wan Chung Construction") acquired the entire equity interest in Wan Chung Property Company Limited from its then shareholder at a discount of approximately HK\$2,776,000 which was deemed to be capital contribution from owners of the Company.
  - Wan Chung Construction recovered indemnified taxation of approximately HK\$866,000 from its former shareholder pursuant to the deed of indemnity which was deemed to be capital contribution from owners of the Company.
- (iii) In accordance with the provisions of Macau Commercial Code, the Company's subsidiary incorporated in Macau is required to transfer 25% of its annual net profit to a legal reserve until the balance of the reserve reaches 50% of the subsidiary's registered capital. Legal reserve is not distributable to shareholders. No transfer was made in current and prior periods as the subsidiary incurred a loss for both periods.
- (iv) Other reserve represents the difference between the nominal value of the issued share capital of the subsidiaries acquired and the consideration paid pursuant to the group reorganisation in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited in January 2012.



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2017

	Six months ended 30 September 2017 HK\$'000 (Unaudited)	Six months ended 30 September 2016 HK\$'000 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	<b>(161,146)</b>	(26,663)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in an available-for-sale investment	<b>(20,105)</b>	(14,032)
Additions to property, plant and equipment	<b>(30,390)</b>	(31,434)
Interest received	<b>1,671</b>	662
Increase in pledged bank deposits	<b>(37,293)</b>	(90)
Increase in non-pledged time deposits with original maturity of over three months when acquired	<b>(25,046)</b>	—
Proceeds from disposal of property, plant and equipment	<b>512</b>	73
Proceeds from disposal of an available-for-sale investment	<b>14,099</b>	—
Net cash used in investing activities	<b>(96,552)</b>	(44,821)
CASH FLOWS FROM FINANCING ACTIVITIES		
Movement in balances with related parties	<b>(6,019)</b>	—
Repayment of bank and other borrowings	<b>(826)</b>	(1,103)
Interest paid	<b>(15)</b>	(51)
New bank borrowings	<b>9,120</b>	—
Net cash from/(used in) financing activities	<b>2,260</b>	(1,154)
NET DECREASE IN CASH AND CASH EQUIVALENTS	<b>(255,438)</b>	(72,638)
Cash and cash equivalents at beginning of the period	<b>323,456</b>	418,351
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<b>13,910</b>	(9,496)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<b>81,928</b>	336,217
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and cash equivalents stated in condensed consolidated statement of financial position	<b>222,781</b>	329,766
Restricted cash with original maturity of less than three months when acquired, restricted for banking facilities	<b>346</b>	6,451
Non-pledged time deposits with original maturity of over three months when acquired	<b>(141,199)</b>	—
Cash and cash equivalents as stated in condensed consolidated statement of cash flows	<b>81,928</b>	336,217

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

## 1. CORPORATE AND GROUP INFORMATION

Vision Fame International Holding Limited (the "Company") was incorporated in the Cayman Islands under the Companies Law (as revised) of the Cayman Islands as an exempted company with limited liability. The registered office address of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.

During the period, the Group was involved in the following principal activities:

- Provision of building construction services, property maintenance services, alterations, renovation, upgrading works and fitting-out works services; and
- Graphene production and trading of materials.

## 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements are unaudited and have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2017.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The condensed consolidated financial statements have been prepared under the historical cost convention except for available-for-sale investments, which have been measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2017.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2017

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to HKFRS 12 included in <i>Annual Improvements 2014–2016 Cycle</i>	<i>Disclosure of Interests in Other Entities</i>

The adoption of these revised HKFRSs has had no significant financial effect on the financial statements.

## 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures<sup>2</sup></i>
Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions<sup>1</sup></i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts<sup>1</sup></i>
Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation<sup>2</sup></i>
HKFRS 9	<i>Financial Instruments<sup>1</sup></i>
HKFRS 15	<i>Revenue from Contracts with Customers<sup>1</sup></i>
HKFRS 17	<i>Insurance Contracts<sup>3</sup></i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>4</sup></i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers<sup>1</sup></i>
HKFRS 16	<i>Leases<sup>2</sup></i>
Amendments to HKAS 40	<i>Transfer of Investment Property<sup>1</sup></i>
HK (IFRIC) Interpretation 22	<i>Foreign Currency Transactions and Advance Consideration<sup>1</sup></i>
HK (IFRIC) Interpretation 23	<i>Uncertainty over Income Tax Treatments<sup>2</sup></i>
<i>Annual Improvements 2014–2016 Cycle</i>	<i>Amendments to a number of HKFRSs<sup>1</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>4</sup> No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2017

## 3. REVENUE AND SEGMENT INFORMATION

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

- (a) building construction and other construction related business;
- (b) alterations, renovation, upgrading and fitting-out works;
- (c) property maintenance; and
- (d) graphene production and trading of 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 certain other income and gain/loss, finance costs, impairment loss on an available-for-sale investment and gain on deregistration of subsidiaries as well as head office and corporate expenses are excluded from such measurement.

There were no intersegment sales or transfers during the period (2016: Nil).

An analysis of the Group's revenue and results by reportable and operating segment is as follows:

	Building construction and other construction related business HK\$'000	Alterations, renovation, upgrading and fitting-out works HK\$'000	Property maintenance HK\$'000	Graphene production and trading of materials HK\$'000	Total HK\$'000
<b>Six months ended 30 September 2017</b>					
Segment revenue — external customers	<b>106,234</b>	<b>135,272</b>	<b>144,056</b>	<b>130,730</b>	<b>516,292</b>
Segment results	<b>12,405</b>	<b>9,778</b>	<b>4,098</b>	<b>(3,715)</b>	<b>22,566</b>
Unallocated other income and gain/(loss)					<b>2,371</b>
Administrative expenses					<b>(31,380)</b>
Finance costs					<b>(1,986)</b>
Impairment loss on an available-for-sale investment					<b>(3,383)</b>
Loss before tax					<b>(11,812)</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2017

## 3. REVENUE AND SEGMENT INFORMATION (Continued)

	Building construction and other construction related business HK\$'000	Alterations, renovation, upgrading and fitting-out works HK\$'000	Property maintenance HK\$'000	Graphene production and trading of materials HK\$'000	Others HK\$'000	Total HK\$'000
<b>Six months ended 30 September 2016</b>						
Segment revenue						
— external customers	154,261	162,432	292,867	161,287	—	770,847
Segment results	3,635	11,352	13,801	92	(92)	28,788
Unallocated other income and gain/(loss)						6,738
Administrative expenses						(29,417)
Finance costs						(1,766)
Gain on deregistration of subsidiaries						681
Profit before tax						5,024

## 4. FINANCE COSTS

	Six months ended 30 September 2017 HK\$'000 (Unaudited)	Six months ended 30 September 2016 HK\$'000 (Unaudited)
Interest on:		
Secured bank loans	100	3
Convertible bond	995	863
Obligations under finance leases	39	48
Loans from a related party (Note 19(a))	852	852
	<b>1,986</b>	1,766

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2017

## 5. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is arrived at after charging/(crediting):

	Six months ended 30 September 2017 HK\$'000 (Unaudited)	Six months ended 30 September 2016 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment*	5,642	4,242
Research and development costs	4,015	1,759
Operating lease rentals in respect of premises	2,326	1,092
Bank interest income	(1,671)	(662)
Interest income from sub-contractors	(2,557)	(2,302)
Loss/(gain) on disposal of property, plant and equipment <sup>#</sup>	581	(72)
Foreign exchange difference, net <sup>#</sup>	522	(5,372)
Gain on deregistration of subsidiaries	—	(681)
Impairment loss on an available-for-sale investment <sup>##</sup>	3,383	—

\* Amount of approximately HK\$605,000 (2016: HK\$314,000) and HK\$227,000 (2016: HK\$444,000) were included in "research and development costs" and "cost of sales", respectively.

<sup>#</sup> Included in "other operating losses" and "other income and gains" for the six months ended 30 September 2017 and 30 September 2016, respectively.

<sup>##</sup> Included in "other operating losses".

## 6. INCOME TAX

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

	Six months ended 30 September 2017 HK\$'000 (Unaudited)	Six months ended 30 September 2016 HK\$'000 (Unaudited)
Current tax — Hong Kong	1,741	—

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2017

## 7. 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 period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 6,000,000,000 (2016: 6,000,000,000) in issue during the Period.

The calculation of the diluted earnings/(loss) per share amount is based on the profit/(loss) for the period 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 period, 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.

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

	Six months ended 30 September 2017 HK\$'000	Six months ended 30 September 2016 HK\$'000
<b>Earnings/(loss)</b>		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(loss) per share calculation	<b>(13,553)</b>	5,024
Interest on a convertible bond	<b>995</b>	863
Profit/(loss) attributable to ordinary equity holders of the parent before interest on a convertible bond	<b>(12,558)</b>	5,887

	Six months ended 30 September 2017	Six months ended 30 September 2016
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	<b>6,000,000,000</b>	6,000,000,000
Effect of dilution — weighted average number of ordinary shares: A convertible bond	<b>368,572,341</b>	391,478,580
	<b>6,368,572,341*</b>	6,391,478,580

\* Because the diluted earnings/(loss) per share amount is increased/(decreased) when taking the convertible bond into account, the convertible bond had an anti-dilutive effect on the basic earnings/(loss) per share for the periods and was ignored in the calculation of diluted earnings/(loss) per share. Therefore, the diluted earnings/(loss) per share amount are based on the profit/(loss) for the period, and the weighted average number of ordinary shares of 6,000,000,000 in issue during the period.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2017

## 8. DIVIDEND

No dividends were paid, declared or proposed during the current and prior periods. The directors of the Company have determined that no dividend will be paid in respect of the periods.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group has additions of approximately HK\$30,390,000 (six months ended 30 September 2016: HK\$31,434,000) on property, plant and equipment, mainly including a property for office use (six months ended 30 September 2016: equipment for production of graphene).

## 10. TRADE RECEIVABLES

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Trade receivables	<b>275,136</b>	308,257
Retention monies receivables	<b>57,274</b>	60,346
	<b>332,410</b>	368,603

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 receivable balances. Trade receivables are non-interest-bearing.

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

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Within 1 month	<b>240,013</b>	299,474
1 to 3 months	<b>32,217</b>	8,783
Over 3 months	<b>2,906</b>	—
	<b>275,136</b>	308,257

Included in retention monies receivables is an amount of approximately HK\$14,133,000 (2016: Nil) pledged to secure bank facilities granted to the Group.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2017

## 11. TRADE PAYABLES

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Trade payables	<b>207,585</b>	280,655
Retention monies payables	<b>71,241</b>	73,003
	<b>278,826</b>	353,658

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

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Within 1 month	<b>193,725</b>	257,112
1 month to 3 months	<b>7,999</b>	13,412
Over 3 months	<b>5,861</b>	10,131
	<b>207,585</b>	280,655

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2017

## 12. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
<b>Current</b>		
Long-term bank loan repayable on demand, secured (Note)	8,970	—
Finance lease payable	1,124	1,086
	<b>10,094</b>	1,086
<b>Non-current</b>		
Finance lease payable	375	905
	<b>10,469</b>	1,991
Analysed into:		
Bank loan repayable:		
Within one year or on demand (Note)	8,970	—
Other borrowing repayable:		
Within one year	1,124	1,086
In the second year	375	905
	<b>1,499</b>	1,991
	<b>10,469</b>	1,991

Note: The Group's bank loan in the amount of approximately HK\$8,970,000 (31 March 2017: Nil) containing an on-demand clause has been reclassified as a current liability. For the purpose of the above analysis, the loan is included within current interest-bearing bank and other borrowings and analysed into bank loan repayable within one year or on demand.

Based on the maturity terms of the loan, the amounts repayable in respect of the loan are: within one year of approximately HK\$369,000 (31 March 2017: Nil); in the second year of approximately HK\$377,000 (31 March 2017: Nil); in the third to fifth years, inclusive, of approximately HK\$1,183,000 (31 March 2017: Nil); and beyond five years of approximately HK\$7,041,000 (31 March 2017: Nil).

- (a) The Group's bank loan is secured by:
- (i) mortgages over certain of the Group's land and buildings, which had an aggregate net carrying value at the end of the reporting period of approximately HK\$25,307,000 (31 March 2017: Nil).
- (b) Except for the finance lease payable which is denominated in Singapore dollars, all borrowings are in Hong Kong dollars.
- (c) The average effective interest rate of the Group's bank loan was 2.25% (31 March 2017: Nil).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2017

## 13. 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 Co-Chairman and an executive director of the Company). The convertible bond can be converted into ordinary shares of the Company at HK\$0.06 per conversion share, 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 prior periods has been split into the liability and equity components as follows:

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
<b>Nominal value</b> At 1 April 2016, 31 March 2017, 1 April 2017 and 30 September 2017	<b>24,000</b>	24,000
<b>Liability component</b> At 1 April	<b>14,323</b>	12,529
Interest expense	<b>995</b>	1,794
At period/year end	<b>15,318</b>	14,323
<b>Equity component</b> At 1 April 2016, 31 March 2017, 1 April 2017 and 30 September 2017	<b>11,746</b>	11,746

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2017

## 14. SHARE CAPITAL

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Authorised: 10,000,000,000 ordinary shares of HK\$0.002 each (31 March 2017: 10,000,000,000 ordinary shares of HK\$0.002 each)	<b>20,000</b>	20,000
Issued and fully paid: 6,000,000,000 ordinary shares of HK\$0.002 each (31 March 2017: 6,000,000,000 ordinary shares of HK\$0.002 each)	<b>12,000</b>	12,000

## 15. OPERATING LEASE COMMITMENTS

### As lessee

The Group leases certain of its office properties, machineries and staff quarters under operating lease arrangements, with leases negotiated for terms ranging from one to five years.

As at 30 September 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2017 HK\$'000	31 March 2017 HK\$'000
Within one year	<b>2,785</b>	3,975
In the second to fifth years, inclusive	<b>1,135</b>	2,325
	<b>3,920</b>	6,300

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2017

## 16. COMMITMENTS

In addition to the operating lease commitments detailed in note 15 above, the Group had the following capital commitments at the end of the reporting period:

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Contracted, but not provided for:		
Land and buildings	—	21,420
Plant and machinery	<b>20,546</b>	6,787
	<b>20,546</b>	28,207

## 17. PLEDGE OF ASSETS

At the end of the reporting period, the Group's benefits under certain construction contracts and the following assets are pledged to banks and insurance companies to secure the bank borrowings and performance bond facilities to the extent of approximately HK\$232,793,000 (31 March 2017: approximately HK\$199,003,000) in aggregate granted to the Group:

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Property, plant and equipment	<b>25,307</b>	—
Trade receivables	<b>14,133</b>	—
Other receivables	<b>21,783</b>	18,477
Available-for-sale investments	<b>20,105</b>	14,099
Bank deposits and restricted cash	<b>58,583</b>	54,456
	<b>139,911</b>	87,032

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2017

## 18. CONTINGENT LIABILITIES

Performance bonds amounting to approximately HK\$112,336,000 (31 March 2017: approximately HK\$107,392,000) were given by banks or insurance companies in favour of some of the Group's customers as security for the due performance and observance of the Group's obligations under the construction contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the banks or insurance companies to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks or insurance companies accordingly. The performance bonds will be released upon completion of the contract works for the relevant customers.

In addition, a subsidiary of the Company is a defendant in a number of claims, lawsuits, arbitrations and potential claims relating to subcontracting fees, damages of personal injuries and breach of construction contracts. The directors of the Company considered that the possibility of any outflow in settling the legal claims is remote, after due consideration of each case and with reference to legal advice.

## 19. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the period:

	<i>Note</i>	Six months ended 30 September 2017 HK\$'000 (Unaudited)	Six months ended 30 September 2016 HK\$'000 (Unaudited)
Interest expense paid to a director of certain subsidiaries of the Company	<i>(i)</i>	<b>852</b>	852

*Note:*

- (i) The interest expense was loan interest charged on loans from Mr. Wong Law Fai, a director of certain subsidiaries of the Company, pursuant to a loan agreement dated 1 December 2013. The amounts due to and loans from a related party are detailed in note 19(b) below.

### (b) Outstanding balances with related parties:

The loans from a related party were advanced by Mr. Wong Law Fai, a director of certain subsidiaries of the Company. The amounts comprise (i) loans of approximately HK\$243,009,000 which are unsecured and bear interest at 3.8% per annum and repayable in June 2019 as extended by Mr. Wong Law Fai (31 March 2017: loans of approximately HK\$170,000,000 were unsecured and bore interest at 1% per annum and were repayable in June 2018 and loan of approximately HK\$73,000,000 was unsecured, interest free and was repayable in June 2018); and (ii) loan of approximately HK\$31,050,000 (31 March 2017: Nil) which is unsecured, bears interest at 3.8% and is repayable on demand.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2017

## 19. RELATED PARTY TRANSACTIONS (Continued)

### (b) Outstanding balances with related parties: (Continued)

The amounts due to related parties of approximately HK\$438,000 (31 March 2017: approximately HK\$36,644,000) and nil (31 March 2017: approximately HK\$11,000) were advanced by Mr. Wong Law Fai and Mr. So Kwok Lam, directors of certain subsidiaries of the Company, respectively. They are unsecured, interest-free and repayable on demand.

### (c) Compensation of key management personnel

The remuneration of directors and other members of key management during the period is as follows:

	Six months ended 30 September 2017 HK\$'000 (Unaudited)	Six months ended 30 September 2016 HK\$'000 (Unaudited)
Salaries, allowances and other benefits	7,373	6,600
Contributions to retirement benefits scheme	150	107
	<b>7,523</b>	6,707

- (d) The Company and Mega Start Limited entered into a subscription agreement on 16 December 2015 in relation to subscription for 90,000,000 shares and an agreement on 16 December 2015 in relation to subscription of a convertible bond in a principal amount of HK\$24,000,000. Details are stated in the Company's Circular dated 15 January 2016. Details of the convertible bond are included in note 13 to the condensed financial statements.
- (e) Performance bond of approximately HK\$47,619,000 was guaranteed by Mr. Wong Law Fai, a director of certain subsidiaries of the Company.

The related party transactions in respect of items (a) and (e) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2017

## 20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 September 2017 HK\$'000	31 March 2017 HK\$'000	30 September 2017 HK\$'000	31 March 2017 HK\$'000
<b>Financial asset</b>				
Available-for-sale investments, at fair value	<b>24,015</b>	19,371	<b>24,015</b>	19,371
<b>Financial liability</b>				
Convertible bond	<b>15,318</b>	14,323	<b>15,318</b>	14,261

Management has assessed that the fair values of cash and cash equivalents, pledged deposits and restricted cash, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, certain bank and other borrowings and balances with a related party approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of other borrowings, other payables and accruals, loans from a related party have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value of the liability portion of the convertible bonds is estimated by discounting the expected future cash flows using an equivalent market interest rate for a similar convertible bond with consideration of the Group's own non-performance risk.

The fair values of listed equity and debt investments classified as available-for-sale investments are based on quoted market prices.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2017

## 20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### Assets measured at fair value:

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
30 September 2017 (unaudited)				
Available-for-sale investments	3,910	20,105	—	24,015
31 March 2017 (audited)				
Available-for-sale investments	5,272	14,099	—	19,371

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (31 March 2017: Nil).

The Group did not have any financial liabilities measured at fair value as at 31 March 2017 and 30 September 2017.

## 21. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the Board on 28 November 2017.

## OTHER INFORMATION

### INTERIM DIVIDEND

The directors of the Company (the "Directors") do not recommend the payment of dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: Nil).

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Specific enquiry has been made to each of the Directors and all Directors have confirmed that they have complied with the Model Code during the six months ended 30 September 2017.

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2017, the interests or short positions of the Directors and chief executives of the Company in the shares of the Company (the "Shares"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as follows:

Name of Director	Capacity	Number of issued ordinary Shares held	Approximate percentage of the issued share capital of the Company
Mr. Chau Chit (Note 1)	Interest of Controlled Corporation	1,000,000,000 (L)	16.67%
Mr. Dai Jialong	Beneficial owner	730,000,000 (L)	12.17%
Mr. Chen Guobao (Note 2)	Interest of Controlled Corporation	77,768,000 (L)	1.30%
Mr. Xie Xiaotao	Beneficial owner	50,000,000 (L)	0.83%
Mr. Wong Wai Kwan	Beneficial owner	5,000,000 (L)	0.08%

(L): Long position

Note 1: The 1,000,000,000 Shares are held by Mega Start Limited ("Mega Start"), and Mr. Chau Chit beneficially owns the entire issued share capital of Mega Start. By virtue of the SFO, Mr. Chau Chit is deemed to be interested in the 1,000,000,000 Shares held by Mega Start. The interest in 1,000,000,000 Shares comprises (i) 600,000,000 Shares held by Mega Start and (ii) 400,000,000 conversion shares of a convertible bond with principal amount of HK\$24,000,000 under which Mega Start could convert it into 400,000,000 conversion shares of the Company with a conversion price of HK\$0.06 per share if relevant conditions are satisfied during the conversion period. Details of the convertible bond are set out in the Company's announcement dated 16 December 2015.

## OTHER INFORMATION (CONTINUED)

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

Note 2: The 77,768,000 Shares are held by Full Fortune International Co., Ltd, and Mr. Chen Guobao beneficially owns the entire issued share capital of Full Fortune International Co., Ltd. By virtue of the SFO, Mr. Chen Guobao is deemed to be interested in the 77,768,000 Shares held by Full Fortune International Co., Ltd.

Save as disclosed above, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed above, at no time during the six months ended 30 September 2017 was the Company, or any of its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the Shares, or underlying shares, or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2017, the following persons (other than Directors or chief executives of the Company) were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Listing Rules on the Stock Exchange:

Name of Shareholders	Capacity	Number of issued ordinary Shares held	Percentage of the issued share capital of the Company
Mega Start Limited (Note 1)	Beneficial Owner	1,000,000,000 (L)	16.67%
Fount Holdings Limited	Beneficial Owner	475,000,000 (L)	7.92%
Mr. Tang Hao (Note 2)	Interest of Controlled Corporation	475,000,000 (L)	7.92%
Earnstar Holding Limited	Beneficial Owner	350,000,000 (L)	5.83%
Dungbao Limited (Note 3)	Interest of Controlled Corporation	350,000,000 (L)	5.83%
Mr. Ma Zenglin (Note 4)	Interest of Controlled Corporation	350,000,000 (L)	5.83%

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

(/): Long position

*Note 1:* The interest in 1,000,000,000 Shares comprises (i) 600,000,000 Shares held by Mega Start Limited ("Mega Start") and (ii) 400,000,000 conversion shares of a convertible bond with principal amount of HK\$24,000,000 under which Mega Start could convert it into 400,000,000 conversion shares of the Company with a conversion price of HK\$0.06 per share if relevant conditions are satisfied during the conversion period. Details of the convertible bond are set out in the Company's announcement dated 16 December 2015.

*Note 2:* Mr. Tang Hao owns the entire issued share capital of Fount Holdings Ltd. By virtue of the SFO, Mr. Tang Hao is deemed to be interested in the 475,000,000 Shares held by Fount Holdings Ltd.

*Note 3:* Dungbao Limited owns the entire issued share capital of Earnstar Holding Limited. By virtue of the SFO, Dungbao Limited is deemed to be interested in the 350,000,000 Shares held by Earnstar Holding Limited.

*Note 4:* Mr. Ma Zenglin owns the entire issued share capital of Dungbao Limited. By virtue of the SFO, Mr. Ma Zenglin is deemed to be interested in the 350,000,000 Shares held by Earnstar Holding Limited.

Save as disclosed above, as at 30 September 2017, the Company had not been notified by any persons (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### SHARE OPTION SCHEME

The share option scheme of the Company (the "Share Option Scheme") was adopted by the sole Shareholder by way of written resolution on 19 December 2011. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The Company believes that by offering the eligible persons a shareholding stake in the Company, the interests of the eligible persons and the Company will align and thereby the eligible persons with additional incentives to improve the Company's performance.

There is no option outstanding, granted, exercised, cancelled or lapsed during the Period.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

### CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate governance practices and procedures. The Company has complied with all the code provisions as set out in Corporate Governance Code and Corporate Governance Report to the Appendix 14 of the Listing Rules (the "CG Code") throughout the six months ended 30 September 2017.

## OTHER INFORMATION (CONTINUED)

### AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 19 December 2011 with written terms of reference which were revised on 28 March 2012 and 23 September 2015 in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee are to review the financial information and risk management of the Group, oversee the financial reporting system and internal control procedures of the Group, and oversee the relationship with the Company's external auditor.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Tam Tak Kei Raymond (the chairman of the Audit Committee), Mr. Wong Kai Tung Simon and Mr. Wong Wai Kwan.

The Audit Committee has reviewed with the management the Group's interim results for the Period. The Company's external auditor conducted a review of the interim financial statements in accordance with Hong Kong Standards on Review Engagements 2410.

### CHANGE OF DIRECTORS' INFORMATION

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

1. Mr. Chen GuoBao retired as a non-executive Director of the Company on 24 October 2017.

Please refer to the announcement on 24 October 2017 for details.

### CHAIRMAN'S APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to all our staff for their total dedication, efforts and contribution during such challenging period. I should also thank all of our Shareholders for their support and confidence in us.

By Order of the Board  
**Vision Fame International Holding Limited**  
**Chau Chit**  
*Co-Chairman and Chief Executive Officer*

Hong Kong, 28 November 2017

*As at the date of this report, the Board comprises three executive Directors, namely Mr. Chau Chit, Mr. Dai Jialong and Mr. Xie Xiaotao; and three independent non-executive Directors, namely Mr. Tam Tak Kei Raymond, Mr. Wong Kai Tung Simon and Mr. Wong Wai Kwan.*