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 2018

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 2018, together with the comparative figures for the year ended 31 March 2018:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
REVENUE	2	**1,209,103**	1,507,561
Cost of sales		**(1,140,357)**	(1,444,903)
Gross profit		**68,746**	62,658
Other income and gains	2	**10,268**	19,021
Administrative expenses		**(64,569)**	(74,124)
Research and development costs		**(9,109)**	(2,770)
Other operating expenses		**(15,756)**	—
Finance costs	4	**(8,340)**	(3,584)
Share of loss of an associate		**—**	(113)
PROFIT/(LOSS) BEFORE TAX	5	**(18,760)**	1,088
Income tax expense	6	**(3,612)**	(1,233)
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(22,372)**	(145)

	Notes	2018 HK$'000	2017 HK$'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		**(2,098)**	2,007
Reclassification adjustment for losses included in the consolidated statement of profit or loss and other comprehensive income:			
— impairment losses		**91**	—
		(2,007)	2,007
Exchange differences:			
Exchange differences on translation of foreign operations		**33,764**	(20,805)
Reclassification adjustment for deregistration of foreign operations during the year		**—**	(681)
		33,764	(21,486)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		**31,757**	(19,479)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**31,757**	(19,479)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**9,385**	(19,624)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*7*		
Basic		**(HK0.37 cent)**	(HK0.002 cent)
Diluted		**(HK0.37 cent)**	(HK0.002 cent)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**100,401**	44,982
Available-for-sale investments		**3,530**	8,655
Prepayments, deposits and other receivables		**14,842**	6,375
Total non-current assets		**118,773**	60,012
CURRENT ASSETS			
Inventories		**345**	—
Gross amount due from contract customers		**9,741**	10,785
Trade receivables	*9*	**295,413**	368,603
Prepayments, deposits and other receivables		**89,955**	123,296
Available-for-sale investments		**20,033**	14,099
Tax recoverable		**125**	1,769
Pledged bank deposits and restricted cash		**57,651**	54,456
Cash and cash equivalents		**245,619**	406,057
Total current assets		**718,882**	979,065
CURRENT LIABILITIES			
Gross amount due to contract customers		**12,267**	7,561
Trade payables	*10*	**195,676**	353,658
Other payables and accruals		**22,512**	75,183
Amounts due to related parties	*11*	**39**	36,655
A loan from a related party	*11*	**20,559**	—
Tax payable		**2,917**	1,548
Interest-bearing bank and other borrowings	*12*	**9,759**	1,086
Total current liabilities		**263,729**	475,691
NET CURRENT ASSETS		**455,153**	503,374
TOTAL ASSETS LESS CURRENT LIABILITIES		**573,926**	563,386

	Notes	**2018** HK$'000	2017 HK$'000
NON-CURRENT LIABILITIES			
A convertible bond	*13*	**16,383**	14,323
Loans from a related party	*11*	**243,009**	243,009
Interest-bearing bank and other borrowings	*12*	**—**	905
Other payables and accruals		**487**	487
Total non-current liabilities		**259,879**	258,724
Net assets		**314,047**	304,662
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**12,000**	12,000
Equity component of a convertible bond	*13*	**11,746**	11,746
Other reserves		**290,301**	280,916
Total equity		**314,047**	304,662

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

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 certain available-for-sale investments, which have been measured at fair value.

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

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual Improvements to HKFRSs 2014–2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

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

2. REVENUE, OTHER INCOME AND GAINS

Revenue represents revenue from building construction; alterations, renovation, upgrading and fitting-out works; property maintenance; and graphene production and trading of materials during the year.

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

	2018	2017
	HK$'000	*HK$'000*
Revenue		
Building construction	**284,789**	317,159
Alterations, renovation, upgrading and fitting-out works	**244,794**	346,213
Property maintenance	**432,988**	651,155
Graphene production and trading of materials	**246,532**	193,034
	1,209,103	1,507,561
Other income		
Interest income from sub-contractors	**4,591**	4,119
Bank interest income	**3,380**	2,388
Investment income from available-for-sale investments	**266**	—
Government grants	**—**	1,163
Others	**2,031**	2,473
	10,268	10,143
Gains		
Gain on deregistration of subsidiaries	**—**	681
Foreign exchange difference, net	**—**	5,824
Gain on disposal of property, plant and equipment	**—**	2,373
	—	8,878
Total other income and gains	**10,268**	19,021

3. OPERATING 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;

(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 resource 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 bank interest income, finance costs, investment income, share of loss of an associate, an impairment loss of available-for-sale investments and gain on deregistration of subsidiaries and as well as head office and corporate income and expenses are excluded from such measurement.

Segment assets exclude tax recoverable, 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, amounts due to related parties, loans from a related party, and certain other payables and accruals, as these liabilities are managed on a group basis.

There were no intersegment sales or transfers during the year (2017: Nil).

3. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 March 2018

	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
Segment revenue:					
Revenue from external customers	284,789	244,794	432,988	246,532	1,209,103
Segment results:	28,701	13,307	29,748	(19,222)	52,534
Reconciliation:					
Unallocated other income					5,089
Administrative expenses					(64,569)
Finance costs					(8,340)
Impairment loss on available-for-sale investments					(3,474)
Loss before tax					(18,760)
Segment assets:	61,507	57,001	156,592	191,803	466,903
Reconciliation:					
Corporate and other unallocated assets					370,752
Total assets					837,655
Segment liabilities:	69,805	45,984	101,757	1,178	218,724
Reconciliation:					
Corporate and other unallocated liabilities					304,884
Total liabilities					523,608
Other segment information:					
Depreciation	1,937	—	83	5,943	7,963
Capital expenditure	1,498	—	252	32,673	34,423
Impairment loss on trade receivables	—	—	—	11,000	11,000

3. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 March 2017

	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*
Segment revenue:						
Revenue from external customers	317,159	346,213	651,155	193,034	—	1,507,561
Segment results:	9,221	26,102	29,834	(911)	—	64,246
Reconciliation:						
Unallocated other income						13,982
Administrative expenses						(74,124)
Finance costs						(3,584)
Gain on deregistration of subsidiaries						681
Share of loss of an associate						(113)
Profit before tax						1,088
Segment assets:	60,657	107,528	260,852	103,267	23	532,327
Reconciliation:						
Corporate and other unallocated assets						506,750
Total assets						1,039,077
Segment liabilities:	90,433	104,960	178,985	55,256	249	429,883
Reconciliation:						
Corporate and other unallocated liabilities						304,532
Total liabilities						734,415
Other segment information:						
Depreciation	3,008	2	884	1,973	—	5,867
Capital expenditure	1,291	—	52	36,228	—	37,571

3. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

(a) ***Revenue from external customers***

	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**811,265**	1,058,836
Singapore	**151,306**	255,691
Mainland China	**246,532**	193,034
	1,209,103	1,507,561

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

(b) ***Non-current assets***

	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**30,280**	7,141
Singapore	**4,677**	6,690
Mainland China	**80,286**	37,526
Total non-current assets	**115,243**	51,357

The non-current asset 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:

	2018	2017
	HK$'000	*HK$'000*
Customer A[1]	**469,565**	637,248
Customer B[2]	**N/A[#]**	238,034
Customer C[3]	**235,377**	161,011

1 Revenue from building construction and property maintenance.

2 Revenue from building construction.

3 Revenue from graphene production and trading of materials.

\# Revenue from this customer amounted to less than 10% of the total revenue of the Group for the year end 31 March 2018.

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2018 *HK$'000*	2017 *HK$'000*
Interest on loans from a related party	**5,961**	1,700
Interest on obligations under finance leases	**79**	87
Interest on bank loans and other loans (including a convertible bond)	**2,300**	1,797
	8,340	3,584

5. PROFIT/(LOSS) BEFORE TAX

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

	2018 *HK$'000*	2017 *HK$'000*
Cost of services provided	**894,712**	1,253,728
Cost of inventories sold	**245,645**	191,175
Auditor's remuneration	**1,400**	1,300
Depreciation**	**10,812**	6,512
Research and development cost	**9,109**	2,770
Minimum lease payments under operating leases on land and buildings	**3,547**	4,510
Loss/(gain) on disposal of items of property, plant and equipment#	**728**	(2,373)
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	**83,039**	102,982
Pension scheme contributions*	**3,470**	4,321
	86,509	107,303
Foreign exchange differences, net#	**554**	(5,824)
Impairment loss on available-for-sale investments##	**3,474**	—
Impairment loss on trade receivables##	**11,000**	—

* At 31 March 2018, there were no forfeited contributions available to the Group to reduce contributions to the pension schemes in future years (2017: Nil).

** Amount of approximately HK$1,204,000 (2017: approximately HK$760,000) and approximately HK$592,000 (2017: approximately HK$886,000) were included in "research and development costs" and "cost of sales", respectively.

Included in "other operating expenses" and "other income and gains" for the years ended 31 March 2018 and 31 March 2017, respectively.

Included in "other operating expenses".

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2018	2017
	HK$'000	*HK$'000*
Current — Hong Kong		
Charge for the year	**5,222**	1,233
Overprovision in prior years	**(115)**	—
Current — Elsewhere		
Overprovision in prior years	**(1,495)**	—
Total tax charge for the year	**3,612**	1,233

7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 6,000,000,000 (2017: 6,000,000,000) in issue during the year.

The calculation of the diluted loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company, 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 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 loss per share are based on:

	2018	2017
	HK$'000	*HK$'000*
Earnings/(loss)		
Loss attributable to ordinary equity holders of the Company, used in the basic loss per share calculation	**(22,372)**	(145)
Interest on a convertible bond	**2,060**	1,794
Profit/(loss) attributable to ordinary equity holders of the Company before interest on a convertible bond	**(20,312)***	1,649

7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (Continued)

	Number of shares	
	2018	2017
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**6,000,000,000**	6,000,000,000
Effect of dilution — A convertible bond	**400,000,000**	390,388,125
	6,400,000,000*	6,390,388,125

* Because the diluted loss per share amount is decreased when taking a convertible bond into account, the convertible bond had an anti-dilutive effect on the basic loss per share for the year and was ignored in the calculation of diluted loss per share. Therefore, the diluted loss per share amount is based on the loss for the year, and the weighted average number of ordinary shares of 6,000,000,000 in issue during the year.

8. DIVIDEND

The board does not recommend payment of any dividend for the year ended 31 March 2018 (2017: Nil).

9. TRADE RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**253,676**	308,257
Impairment	**(11,000)**	—
	242,676	308,257
Retention monies receivables *(note)*	**52,737**	60,346
	295,413	368,603

Note: The amount represents retentions held by customers for contract works, of which approximately HK$23,109,000 (2017: approximately HK$40,735,000) is expected to be recovered or settled in more than twelve months from the end of the reporting period.

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.

9. TRADE RECEIVABLES (Continued)

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:

	2018	2017
	HK$'000	*HK$'000*
Within 1 month	**199,470**	299,474
1 to 3 months	**1,711**	8,783
Over 3 months	**41,495**	—
	242,676	308,257

The movement in provision for impairment of trade receivables is as follows:

	2018	2017
	HK$'000	*HK$'000*
At beginning of year	**—**	—
Impairment losses recognised	**11,000**	—
At 31 March	**11,000**	—

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of approximately HK$11,000,000 (2017: Nil) with a carrying amount before provision of approximately HK$85,086,000 (2017: Nil). The individually impaired trade receivables relate to a customer that was in financial difficulties and only a portion of the receivables is expected to be recovered.

The aging analysis of the trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	2018	2017
	HK$'000	*HK$'000*
Neither past due nor impaired	**161,920**	298,439
Less than 3 months past due	**5,964**	9,818
More than 3 months past due	**706**	—
	168,590	308,257

Receivables that were neither past due nor impaired relate to a number of independent 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.

Included in retention monies receivables is an amount of approximately HK$10,283,000 (2017: Nil) pledged to secure bank facilities granted to the Group.

10. TRADE PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**129,409**	280,655
Retention monies payables	**66,267**	73,003
	195,676	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:

	2018	2017
	HK$'000	*HK$'000*
Within 1 month	**121,026**	257,112
1 month to 3 months	**2,859**	13,412
Over 3 months	**5,524**	10,131
	129,409	280,655

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

11. AMOUNTS DUE TO RELATED PARTIES/LOANS FROM A RELATED PARTY

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 (2017: loans of approximately HK$170,000,000 were unsecured and bore interest at 1% per annum and were repayable in June 2018 and a loan of approximately HK$73,000,000 was unsecured, interest free and was repayable in June 2018); and (ii) a loan of approximately HK$20,559,000 (2017: Nil) which is unsecured, bears interest at 3.8% per annum and is repayable on demand.

The amounts due to related parties of approximately HK$39,000 (2017: approximately HK$36,644,000) and nil (2017: approximately HK$11,000) were advanced by Mr. Wong Law Fai and Mr. So Kwok Lam, directors of certain subsidiaries of the Company. They are unsecured, interest-free and repayable on demand.

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2018	2017
	HK$'000	*HK$'000*
Current		
Long-term bank loan repayable on demand, secured *(note)*	**8,785**	—
Finance lease payable	**974**	1,086
	9,759	1,086
Non-current		
Finance lease payable	**—**	905
	9,759	1,991
Analysed into:		
Bank loan repayable:		
Within one year or on demand *(note)*	**8,785**	—
Other borrowing repayable:		
Within one year	**974**	1,086
In the second year	**—**	905
	974	1,991
	9,759	1,991

Note: The Group's bank loan in the amount of approximately HK$8,785,000 (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$373,000 (2017: Nil); in the second year of approximately HK$381,000 (2017: Nil); in the third to fifth years, inclusive, of approximately HK$1,197,000 (2017: Nil); and beyond five years of approximately HK$6,834,000 (2017: Nil).

(a) The Group's bank loan is secured by 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$24,790,000 (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% (2017: Nil).

13. A CONVERTIBLE BOND

On 3 February 2016, the Company issued a convertible bond with a principal amount of approximately 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 bears no interest and the outstanding principal amount of the convertible bond shall be converted into ordinary shares of the Company in full mandatorily at the initial conversion price of approximately HK$0.3 per conversion share (which was revised to approximately HK$0.06 per conversion share after the share subdivision on 3 May 2016), if and only if, the gross profits of the new graphene business of the Group for the two financial years ended 31 March 2017 and 2018 exceed approximately HK$300 million in aggregate. Unless the conversion conditions are met and converted, the convertible bond shall be redeemed at the principal amount on the maturity date, which is 5 years offer the date of issue.

At 31 March 2018, the conversion condition was not satisfied as the gross profits of the new graphene business of the Group for the two financial years ended 31 March 2017 and 2018 did not exceed approximately HK$300 million in aggregate and the mandatory conversion shall not take place. The convertible bond shall be redeemed in full upon maturity.

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 year had been split into the liability and equity components as follows:

	2018	2017
	HK$'000	*HK$'000*
Nominal value		
At 31 March 2017, 1 April 2017 and 31 March 2018	**24,000**	24,000
Liability component		
At beginning of year	**14,323**	12,529
Interest expense	**2,060**	1,794
At 31 March	**16,383**	14,323
Equity component		
At 31 March 2017, 1 April 2017 and 31 March 2018	**11,746**	11,746

MANAGEMENT DISCUSSION AND ANALYSIS

Results of the Group

The Group recorded total turnover of approximately HK$1,209 million for the financial year ended 31 March 2018 ("Fy2018"), representing a decrease of approximately 20% or approximately HK$299 million as compared to the financial year ended 31 March 2017 ("Fy2017"). Such decrease was mainly attributable to the drop of revenue from building construction, alterations and maintenance (Fy2018: approximately HK$962.6 million; Fy2017: approximately HK$1,314.5 million). In particular, the revenue from property maintenance operations had dropped by 34% or approximately HK$218.2 million upon the expiration of two large-scale property maintenance contracts in March 2017.

Notwithstanding to the above, the Group recorded an increase in gross profit, from approximately HK$62.7 million in Fy2017 to approximately HK$68.7 million in Fy2018, which is mainly attributable to the high gross profit margin contributed by the building construction segment for the year (Fy2018: approximately 10%; Fy2017: approximately 3%).

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

The loss attributable to shareholders of the Company for Fy2018 is approximately HK$22.4 million (Fy2017: approximately HK$0.1 million). The significant deterioration in the result for the year 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 year;

(ii) The recognition of an impairment loss of approximately HK$3.4 million 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; and

(iii) The recognition of an impairment loss provision of approximately HK$11 million made in respect of trade debts owing by an individual customer that was in short-term financial difficulties and the receivables might not be fully recovered.

Basic loss per share for Fy2018 is approximately HK0.37 cent (Fy2017: approximately HK0.002 cent) and diluted loss per share is approximately HK0.37 cent (Fy2017: approximately HK0.002 cent). The Board does not recommend any payment of dividends for Fy2018 (Fy2017: Nil).

Results of Operations

(i) ***Building Construction***

Building construction segment recorded revenue of approximately HK$285 million (Fy2017: approximately HK$317 million) for Fy2018. The decrease in the segment revenue is in line with the decrease in number of building construction projects in progress during the year. The average contract sum of construction contracts in progress for Fy2018 was amounted to approximately HK$796 million (Fy2017: approximately HK$891 million).

On the contrary, segment profit increased from approximately HK$9.2 million in Fy2017 to approximately HK$28.7 million in Fy2018.

Such increment in segment profit was mainly attributable to the recovery of considerable amounts for variation orders from a loss making project in Fy2018.

(ii) ***Alterations, Renovation, Upgrading and Fitting-out ("A&A") Works***

Revenue for the A&A works segment for Fy2018 was approximately HK$245 million (Fy2017: approximately HK$346 million) and segment profit was approximately HK$13.3 million (Fy2017: approximately HK$26.1 million).

Similar to building construction segment, the decrease in the revenue from A&A works is in line with the decrease in number of contract in progress. The average contract value for Fy2018 was amounted to approximately HK$595 million (Fy2017: approximately HK$707 million). It was also attributable to the completion of several large scale projects secured in prior years.

(iii) ***Property Maintenance***

Revenue for the property maintenance segment decreased from approximately HK$651 million in Fy2017 to approximately HK$433 million in Fy2018 and segment profit decreased from approximately HK$29.8 million in Fy2017 to approximately HK$29.7 million in Fy2018.

The decrease in segment revenue was mainly attributable to the expiration of two large scale long term property maintenance contracts in March 2017, which had contributed 59% of revenue of the Fy2017. The loss of revenue from the expired contracts was partly compensated by the revenue from another large scale property maintenance contract with contract value of approximately HK$780 million won in first quarter of Fy2017, which had contributed approximately 31% of revenue during Fy2018. The work for this new contract commenced in April 2017 and is expected to be in full swing in 2018.

(iv) ***Graphene Production and Trading of Materials***

Revenue for this segment for Fy2018 included sales of graphene of approximately HK$0.5 million (Fy2017: approximately HK$2 million) and sales of materials of approximately HK$246.0 million (Fy2017: approximately HK$191 million).

The sales of graphene for Fy2018 and Fy2017 mainly represented sales to research institutes and manufacturers in the nanometer-scaled/metals material industry for application test purposes.

For trading of materials business, the Group mainly sells titanium dioxide, which was widely used in pigment, sunscreen, food coloring. During the year, the Group sold approximately 6,949 tonnes of titanium dioxide as compared to approximately 5,535 tonnes in Fy2017.

Segment loss was approximately HK$19.2 million (Fy2017: approximately HK$0.9 million), which was mainly attributable to the recognition of an impairment loss provision of approximately HK$11 million made in respect of trade debts owing by an individual customer that was in short-term financial difficulties and the receivables might not be fully recovered.

BUSINESS OVERVIEW AND PROSPECT

Graphene production business

Graphene is a thin layer of pure carbon, which might be the strongest and thinnest material known to exist in nature. It has excellent properties, including good elasticity, light weight, exceptionally high electronic and thermal conductivities, bacteriostasis, memory function and impermeability, which gives rise to its extensive downstream applications possible. Examples of the varies 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 unique graphene production methodology brought into the Group by Mr. Dai Jialong ("Mr. Dai"), our executive director, co-chairman and chief technology officer is proven to be pioneered in the steady, environment-friendly and low cost production of high quality graphene by the National Center for Nanoscience and Technology of China* ("NCNTC") (國家納米科學中心) and the CAS Key Laboratory of Nanosystem and Hierarchical Fabrication (中國科學院納米系統與多級次製造重點實驗室). Our graphene output has a thickness of less than 10 nanometres, proportion of raw two-dimentional structure above 90% and is free from material structure defect.

Following our first graphene production line with annual production capacity of approximately 3.5 tonnes came in operation in Fy2017, a further of 70 production lines with annual capacity of over 200 tonnes was successfully installed in June 2018. The testing, calibration and trial run of these production lines has reached the final stage and are ready for mass production fall 2018.

To maintain our foremost position in the market, the Group engages specialists, universities and research institutes and forms alliances with potential business partners in the relevant industry to invest and develop downstream application products in order to broaden the graphene market as well as securing our future customers. Major ongoing development projects includes the cooperation with:

(i) NCNTC in respect of the establishment of The Joint Engineering Laboratory for Research and Applications of Graphene for a term of 3 years;

(ii) 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) Tonji University and Shanghai Jiao Tong University for the development of graphene-based electrochemical energy storage equipment.

Up to date of this report, the following applications have been successfully developed using the Group's graphene output.

(i) The anti-corrosive coating or primer, a light weight heavy-duty coating layer for application in the marine and navigating environment. In 2017, our graphene based anti-corrosive coating has passed the 2000-hour corrosion test, neutral salt spray test, performed by National Quality Supervision and Inspection Center for Paint (國家塗料質量監督檢驗中心) with less than 0.6mm corrosive damage around the scribe mark (artificial damages of the surface) and nil impact off the scribe area. Nevertheless, the cooperation between the Group, the subsidiary of Shuangliang Eco-Energy System Holding Company Limited (the "Shuangliang Group") and other investors (details of which is set out in the Company's announcement dated 10 January 2017) was terminated. The Group is currently in negotiation with another sizable anti-corrosive paint manufacturer in Jiangyin City, with over 20 years' experience and a strong customer base in the industry for the development of graphene based anti-corrosive coating technology. The Group and the counter party are undergoing due diligence process.

(ii) The visible light photocatalysis net, a deodorant filter that increases the oxygen content as well as decompose the toxic organic matter in the air or water. It can be applied in both air and water purification engineering projects for sewage plants and construction sites. Our customer, the related technology owner, has submitted tenders for municipal water purification engineering projects and further research and development is ongoing to accomplish the standard/requirement for tender.

(iii) The Graphene based Ultra High Molecular Weight Polyethylene Fiber ("G-UHMW-PE"), the world's strongest and lightest high-performance fiber made with flexible chain macromolecules materials. Its strength is 10 times more than steel wire of same weight. It has density of 0.97 g/cm^3 that make it floats on water; high chemical (strong acid/alkaline and organic solvent) and weather-ageing (including ultraviolet) resistance/endurance; excellent shielding on radiation as nuclear plant shielding plate materials; ductility at liquid helium temperature (-269°C) and excellent impact strength in liquid nitrogen (-195°C) as low-temperature resistance materials for nuclear plant components. It is non-moisture absorbing; electrical insulating; non-toxic and benzene-free (for food and medication processing). The Group has secured a customer, who has a comprehensive grasp of the related technology and who has successfully launched G-UHMW-PE in the market. The Group is formulating plans with this customer for expansion of G-UHMW-PE business after the completion of the installation of our 70 graphene production lines.

Amongst other downstream applications under development, the research in graphene-based fast-charging and long-life electrochemical energy storage equipment led by Tonji University and Shanghai Jiao Tong University, is the core development subject of the Group. A new engineering laboratory of 400 m^2 was established with an aim to develop high performance automobile battery that can achieve "ten minutes charge, two hours drive" endurance. The laboratory would be in full operation by fall 2018. We will also continue to cooperate with industry experts, 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.

Construction related businesses

The business opportunities in the Hong Kong construction market is still optimistic as the Hong Kong government had clearly expressed its firm position to maintain a steady housing supply for the society. Moreover, the increased expenditure in public health sector could also create business opportunities in the maintenance and upgrading works for this sector. However, the Group will still keep a prudent approach in securing business opportunities in view of the challenge of on-going rise in labour costs.

For Singapore, the Singapore Government made an announcement in the 3rd quarter of 2017 to bring forward S$700 million worth of public amenities project over the next 2 years in a bid in order to give a boost to the beleaguered construction industry. The Group expects the deteriorating environment in the Singapore construction industry would be somewhat stabilized and improved with relatively more opportunities for industry players. The Group is aligning its strategy by participating actively in tender bids for public sector new building and A&A works; while keeping an eye on private sector opportunities.

On the other hand, a steady rise in construction material prices for items like steel bars and concrete was witnessed in the Singapore Construction market in the past few months. Market sentiments does not point to a fall in prices anytime soon. This, along with the continued tightening on foreign workers employment by the Singapore Government, indicates that construction cost will likely continue burgeoning upwards. The Group believes that price competition will not be sustainable in the long run and the best way to position itself in the market will be through quality and productivity improvements.

Available-for-sale Investments

As at 31 March 2018, the Group has available-for-sale investments of approximately HK$23.6 million (as at 31 March 2017: approximately HK$22.8 million), which comprised primarily (1) investment in the certificate of deposit issued by Agricultural Bank of China Limited Hong Kong Branch due in January 2019, of approximately HK$20 million (as at 31 March 2017: the certificate of deposit issued by Dah Sing Bank Limited due in April 2017 of approximately HK$14.1 million); (2) investment in the 89,400,000 listed shares (as at 31 March 2017: 89,400,000) with market value of approximately

HK$3.2 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 year, 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 year.

Liquidity and Financial Resources

The Group maintained a strong and healthy financial position. As at 31 March 2018, the current assets and current liabilities were stated at approximately HK$718.9 million (as at 31 March 2017: approximately HK$979.1 million) and approximately HK$263.7 million (as at 31 March 2017: approximately HK$475.7 million), respectively. The current ratio maintained at 2.73 times as at 31 March 2018 (as at 31 March 2017: 2.06 times). The current ratio is calculated by dividing current assets with current liabilities as at the end of the respective period. As at 31 March 2018, the Group had total cash and bank deposits of approximately HK$303.3 million (as at 31 March 2017: approximately HK$460.5 million).

As at 31 March 2018, total interest-bearing loans and zero-coupon convertible bond amounted to approximately HK$273.3 million (as at 31 March 2017: approximately HK$172.0 million) and approximately HK$16.4 million (as at 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 in current portion) has decreased from approximately HK$459.4 million as at 31 March 2017 to approximately HK$273.0 million as at 31 March 2018.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. As at 31 March 2018, the Group had obtained credit facilities from various banks up to a maximum amount of approximately HK$162.0 million (as at 31 March 2017: approximately HK$142.8 million) and approximately HK$34.8 million (as at 31 March 2017: approximately HK$51.2 million) of the credit facilities has been utilized. As at 31 March 2018, the gearing ratio of the Group was approximately 32.6% (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.

Pledge of Assets

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

	31 March 2018	31 March 2017
	HK$'000	*HK$'000*
Property, plant and equipment	**24,790**	—
Trade receivables	**10,283**	—
Other receivables	**21,793**	18,477
Available-for-sale investments	**20,033**	14,099
Bank deposits	**57,305**	48,005
Cash at bank	**346**	6,451
	134,550	87,032

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

There was no material acquisition or disposal of subsidiaries or associated companies by the Group in Fy2018.

Use of Proceeds From Issue of Shares and a Convertible Bond

On 16 December 2015, the Company entered into:

(i) a subscription agreement with Mr. Dai Jialong ("Mr. Dai"), an independent third party at that time, 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 approximately HK$0.3 per share (the "Subscription Price");

(ii) a subscription agreement with Mega Start Limited ("Mega Start"), a substantial shareholder and a company wholly owned by Mr. Chau Chit ("Mr. Chau") (being the Co-Chairman of the Company and an executive Director), pursuant to which, the Company will allot and issue, and Mega Start will subscribe for, 90,000,000 subscription shares* at the Subscription Price;

(iii) a convertible bond agreement with Mega Start, pursuant to which, the Company will issue, and Mega Start will subscribe for, a convertible bond in a principal amount of approximately HK$24,000,000 (the "Convertible Bond"); and

(iv) subscription agreements with eight investors (the "Investors"), each of whom is an independent third party and not related to each other, 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 approximately 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 approximately 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. Details of the Shares and Convertible Bond Subscriptions and the intended uses of the net proceeds therefrom 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.

* The number of subscription shares represented the ordinary shares of the Company of approximately HK$0.01 each to be issued before the share subdivision as set out below. As set out in note 13, the conversion condition of the convertible bond was not satisfied that the mandatory conversion of the convertible bond shall not take place. The convertible bond shall be redeemed in full on the maturity date.

As of 31 March 2018, the net proceeds received were utilised as follows:

Intended application of the net proceeds	**Amount to be utilised** *(HK$ million)*	**Amount utilised at 31 March 2018** *(HK$ million)*	**Unutilised as at 31 March 2018** *(HK$ million)*
Setting up of the production plant and ancillary facilities for the new graphene production business	20	(17)	3
Installation of production lines	110	(40)	70
Establishment of the product quality control and testing centre	60	(19)	41
Recruitment of professional staff for the graphene production business, and establishments of scientific laboratories jointly with governmental institutes and universities	20	(9)	11
General working capital for the Group	79	(20)	59
Total	289	(105)	184

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 approximately HK$0.01 each in the share capital of the Company was subdivided into five ordinary shares of approximately HK$0.002 each (the "Subdivided Shares") (the "Share Subdivision"). Upon the Share Subdivision having became effective on 3 May 2016 and at the date of this announcement, the Company's authorised share capital was approximately HK$20,000,000 divided into 10,000,000,000 ordinary shares of approximately 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.

Principal Risks and Uncertainties

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Risk relating to graphene production segment

(i) The graphene production business of the Group may not compete successfully as more and more companies are expected to enter into the graphene production business and start to engage in the research and development of the production and application of graphene. These companies may eventually be able to achieve research breakthroughs and produce graphene of similar or even higher quality compared to the graphene produced by the Group, or be able to produce it in a faster and more cost-effective way. There is no certainty that the Group will be able to compete successfully in the marketplace when the technology of producing high-quality graphene has become common.

Risks relating to constructions related and other segments

(i) The Group's construction works are labour-intensive in nature. In the event that there is a significant increase in the costs and demand of labour, the Group's staff cost and/or subcontracting cost will increase and thus lower its profitability. On the other hand, if the Group or its subcontractors fail to retain the Group's existing labour and/or recruit sufficient labour in a timely manner to cope with the Group's existing or future projects, the Group may not be able to complete the Group's projects on schedule and within budget, the Group's operations and profitability may be adversely affected.

(ii) The Group needs to estimate the time and costs involved in projects in order to determine the fee. There is no guarantee that the actual amount of time and costs would not exceed the Group's estimation during the performance of the jobs. The actual amount of time and costs involved in completing the jobs may be adversely affected by many factors, including adverse weather conditions, accidents, breakdown of machinery and equipment, unforeseen site conditions. Any material inaccurate estimation in the time and costs involved in a job may adversely affect the profit margin and results of operations of the Group.

(iii) The projects undertaken by the Group are mostly on a case by case basis. As such, our revenue derived from such projects is not recurring in nature and we cannot guarantee that our customers will provide us with new business after the completion of the current projects. The Group has to go through the competitive tendering process to secure new project works. In the event we are unable to maintain business relationship with existing customers or unable to price our tender competitively, our business and hence our revenue will be adversely affected.

Financial Risk

(i) 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 risks continuously and considers hedging any excessive risk when necessary.

(ii) 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 2018, the Group has obtained credit facilities from various banks of approximately HK$162 million (as at 31 March 2017: approximately HK$143 million). An amount of approximately HK$127 million (as at 31 March 2017: approximately HK$91.8 million) remained unutilised.

Contingent Liabilities and Capital Commitments

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

	31 March 2018	31 March 2017
	HK$'000	*HK$'000*
Guarantees in respect of performance bonds in favor of its clients	**116,298**	107,392

At the end of each reporting period, the Group had the following capital commitments:

	2018	2017
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Land and buildings	**—**	21,420
Plant and machinery	**34,649**	6,787
	34,649	28,207

Movement of Incomplete Contracts for the year ended 31 March 2018

	31 March 2017	**Contracts Secured**	**Contracts Completed**	**31 March 2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Building Construction	670,924	417,940	(168,600)	920,264
Property Maintenance	1,842,081	339,801	(42,009)	2,139,873
Alteration, Renovation, Upgrading and Fitting-Out Works	603,716	425,260	(443,081)	585,895
	3,116,721	1,183,001	(653,690)	3,646,032

Employees and Remuneration Policies

As at 31 March 2018, the Group employed a total of 248 staff (as at 31 March 2017: 315 staff) which included Hong Kong, Macau, Singapore and Mainland China employees. The total remuneration for staff was approximately HK$87 million for Fy2018 (Fy2017: approximately HK$107 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 consist 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.

DIVIDEND

The Board does not recommend the payment of final dividend in respect of the year ended 31 March 2018 (2017: Nil). No interim dividend was declared for the six months ended 30 September 2017 (2016: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

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 2018, 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 2018, 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, 5 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. With effect from 1 March 2017, Mr. Chau was the co-chairman of the Board of Directors of the Company and chief-executive officer of the Company.

The Co-Chairmen are the positions in the Board to execute the administrative functions designated to the Co-Chairmen by the Board from time to time. As decided by the Board, Mr. Chau and Mr. Dai will take up the administrative functions of the Board in ensuring that the Board works effectively and performs its responsibilities. They act together to carry out and share the responsibilities of the role of the chairman of the Board. When a Co-Chairman proposed any matters to be considered in a Board meeting, the other Co-Chairman shall be responsible for, amongst other things, drawing up and approving the agenda for such Board meeting, preside the Board meeting and encouraging all directors to make a full and active contributions to the Board's affairs to ensure that Board decisions fairly reflect Board consensus and the Board acts in the best interests of the Group. In respect of other duties and responsibilities of the chairman of the Board contemplated under the articles of association of the Company, A.2 of the CG Code and the Listing Rules (including Rule B.8 of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules), these will be taken up by Mr. Chau.

Besides, Mr. Dai, the other co-chairman, is primarily responsible for providing overall strategic plan in the development of the graphene business of the Group and Mr. Chau, who is the chief executive officer of the Company, carries out executive functions including day-to-day business and operations management of the Group.

Part A.2 of the CG Code set out the principle and code provision of the chairman and chief executive. It stipulated that there should be a clear division of the two key aspects of management, the management of the Board and the day-to-day management of business.

Based on this principle, the Company adopts the above corporate governance measures to ensure a balance of power and authority, so that power is not concentrated in any one individual. The Board believes that the Co-Chairmen each acts as a check and balance on each other and that there is a clear understanding and expectation of the Board and within the Company as to the separation of roles and responsibilities of Mr. Chau and Mr. Dai. The Board also considered the composition of the Board and senior management of the Company, which comprises experienced and high calibre individuals. In view of the above, the Board believes that the balance of power and authority is adequately maintained to ensure that the overall interests of the Company and its shareholders are protected.

Further details of the above are set out in the Company's announcements dated 1 March 2017 and 28 March 2017.

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 2018, the co-chairmen 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 2018.

AUDIT COMMITTEE

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 2017 and the consolidated financial statements and annual results for the year ended 31 March 2018.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

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 2018 as set out in the preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor 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 (the "HKICPA") and consequently no assurance has been expressed by the Company's auditor on the preliminary announcement.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 17 September 2018 to Thursday, 20 September 2018 (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 Thursday, 20 September 2018, 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 Friday, 14 September 2018.

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 2018 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

On 5 June 2018, the Group entered into a sale and purchase agreement to dispose of its entire interest in Prosperous Star Limited, a wholly-owned subsidiary engaged in property holding, to an independent third party for a total consideration of approximately HK$28,300,000. This transaction is scheduled to be completed on 30 September 2018 and is expected to result in a gain on disposal before tax of approximately HK$3,378,000.

By Order of the Board
Vision Fame International Holding Limited
CHAU CHIT
Co-Chairman and Chief Executive Officer

Hong Kong, 28 June 2018

As at the date of this announcement, 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.