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## **Vision Fame International Holding Limited**

### **允升國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1315)**

## **FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2014**

### **FINAL RESULTS**

The board (the “Board”) of directors (the “Directors”) of Vision Fame International Holding Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2014, together with the comparative figures for the year ended 31 March 2013:

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

*For the year ended 31 March 2014*

	<i>Notes</i>	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Revenue	3	<b>863,928</b>	965,386
Cost of sales		<u><b>(842,166)</b></u>	<u>(894,223)</u>
Gross profit		<b>21,762</b>	71,163
Other income	4	<b>4,953</b>	3,783
Administrative expenses		<b>(72,212)</b>	(50,278)
Finance costs	5	<b>(3,071)</b>	(1,572)
Share of results of associates		<u><b>—</b></u>	<u>7,462</u>
(Loss) profit before taxation	6	<b>(48,568)</b>	30,558
Taxation	7	<u><b>250</b></u>	<u>(4,685)</u>
(Loss) profit for the year attributable to the shareholders of the Company		<u><b>(48,318)</b></u>	<u>25,873</u>

	<i>Note</i>	<b>2014</b> <b><i>HK\$'000</i></b>	2013 <i>HK\$'000</i>
Other comprehensive (expense) income			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Actuarial gain on long service payment obligations		<u>—</u>	<u>230</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of foreign operations		<b>(1,726)</b>	1,053
Fair value (loss) gain on available-for-sale investments		<u><b>(3,343)</b></u>	<u>1,675</u>
		<u><b>(5,069)</b></u>	<u>2,728</u>
Other comprehensive (expense) income for the year		<u><b>(5,069)</b></u>	<u>2,958</u>
Total comprehensive (expense) income for the year attributable to the shareholders of the Company		<u><u><b>(53,387)</b></u></u>	<u><u>28,831</u></u>
(Loss) earnings per share ( <i>HK cents</i> )	8		
— Basic and diluted		<u><u><b>(16.1)</b></u></u>	<u><u>8.6</u></u>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 31 March 2014*

	<i>Notes</i>	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>32,399</b>	16,966
Interests in associates		<b>8,432</b>	7,695
Interest in a joint venture		—	—
Available for sale investments		<b>11,274</b>	14,883
		<b>52,105</b>	39,544
<b>CURRENT ASSETS</b>			
Amounts due from customers for contract work		<b>43,123</b>	48,304
Trade and other receivables	10	<b>250,246</b>	240,115
Amount due from a joint venture		—	642
Pledged bank deposits		<b>44,661</b>	47,901
Bank balances and cash		<b>267,180</b>	50,118
		<b>605,210</b>	387,080
<b>CURRENT LIABILITIES</b>			
Amounts due to customers for contract work		<b>14,547</b>	4,928
Trade and other payables	11	<b>185,630</b>	167,876
Amount due to an associate		<b>7,025</b>	5,006
Amount due to a related party		<b>122,607</b>	—
Tax payable		<b>87</b>	899
Secured bank borrowings		—	48,500
Obligations under financial leases — due within one year		<b>3,387</b>	—
		<b>333,283</b>	227,209
<b>NET CURRENT ASSETS</b>		<b>271,927</b>	159,871
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>324,032</b>	199,415
<b>NON-CURRENT LIABILITIES</b>			
Loan from a related party		<b>170,000</b>	—
Obligations under finance leases — due after one year		<b>7,646</b>	—
Deferred tax liability		<b>845</b>	421
Other payable and accrual		<b>762</b>	828
		<b>179,253</b>	1,249
		<b>144,779</b>	198,166
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>3,000</b>	3,000
Reserves		<b>141,779</b>	195,166
		<b>144,779</b>	198,166

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”):

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKAS 19 (Revised 2011)	Employee Benefits
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

#### **New and revised standards on consolidation, joint arrangements, associates and disclosures**

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

### ***Impact of the application of HKFRS 11***

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, HK(SIC)-Int 13 *Joint Controlled Entities — Non-Monetary Contributions by Venturers*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements — joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements — joint controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a joint controlled entities).

The initial and subsequent accounting of joint venture and joint operation is different. Investment in a joint venture is accounted for using the equity method (proportionate consolidation is no longer allowed). Investment in joint operation is accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The directors of the Company reviewed and assessed the classification of the Group's investments in the joint arrangements in accordance with the requirements of HKFRS 11. The directors concluded that the Group's investment in Keat Seng — Vision Foundation JV Pte Ltd. which was classified as a joint venture under HKAS 31 and was accounted for using the equity method, should be classified as a joint venture under HKFRS 11 and continue to be accounted for using the equity method. The adoption of HKFRS 11 has therefore had no material effect on the amounts reported in the consolidated financial statements.

### ***Impact of the application of HKFRS 12***

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements relating to the Group's associates.

### **HKFRS 13 Fair Value Measurement**

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and nonfinancial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value.

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

The application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

### **Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income**

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle <sup>4</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>3</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities <sup>1</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operation <sup>6</sup>
HKFRS 9	Financial Instruments <sup>3</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>5</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>6</sup>
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions <sup>2</sup>
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets <sup>1</sup>
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting <sup>1</sup>
HK(IFRIC)-Int 21	Levies <sup>1</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2014.
- <sup>2</sup> Effective for annual periods beginning on or after 1 July 2014.
- <sup>3</sup> Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
- <sup>4</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exemptions.
- <sup>5</sup> Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.
- <sup>6</sup> Effective for annual periods beginning on or after 1 January 2016.

## **HKFRS 9 Financial Instruments**

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The directors anticipate that the adoption of HKFRS 9 will have no material effect on the Group's financial assets and financial liabilities, except for the classification and measurement of the Group's available-for-sale investments. In the opinion of the directors, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

The directors anticipate that the application of other new and revised HKFRSs will have no material impact on the consolidated financial statements.

### 3. REVENUE AND SEGMENTAL INFORMATION

Revenue comprises:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue from construction contracts:		
Building construction	352,382	330,760
Alterations, renovation, upgrading and fitting-out works	297,335	466,000
Revenue from property maintenance	<u>214,211</u>	<u>168,626</u>
	<u><b>863,928</b></u>	<u><b>965,386</b></u>

The Group's operating segments are determined based on information reported to the chief operating decision maker (the "CODM"), being the board of directors of the Company, for the purpose of resource allocation and performance assessment which focuses on types of contracting services provided, for which discrete financial information is available. The Group's reportable and operating segments are as follows:

- (i) building construction
- (ii) alternations, renovation, upgrading and fitting-out works
- (iii) property maintenance



### 3. REVENUE AND SEGMENTAL INFORMATION (continued)

#### Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

	Building construction <i>HK\$'000</i>	Alternations, renovation, upgrading and fitting- out works <i>HK\$'000</i>	Property maintenance <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>2014</b>				
Segment revenue — external costumers	<u>352,382</u>	<u>297,335</u>	<u>214,211</u>	<u>863,928</u>
Segment results	<u>(933)</u>	<u>13,345</u>	<u>10,683</u>	23,095
Unallocated other income				3,620
Administrative expenses				(72,212)
Finance costs				<u>(3,071)</u>
Loss before taxation				<u>(48,568)</u>

	Building construction <i>HK\$'000</i>	Alternations, renovation, upgrading and fitting- out works <i>HK\$'000</i>	Property maintenance <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>2013</b>				
Segment revenue — external customers	<u>330,760</u>	<u>466,000</u>	<u>168,626</u>	<u>965,386</u>
Segment results	<u>24,941</u>	<u>36,028</u>	<u>11,980</u>	72,949
Unallocated other income				1,997
Administrative expenses				(50,278)
Finance costs				(1,572)
Share of results of an associate				<u>7,462</u>
Profit before taxation				<u>30,558</u>

There is no inter-segment revenue in current and prior financial years.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent profit earned (loss incurred) by each segment without absorption of reconciling items, details of which are set out above. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

### 3. REVENUE AND SEGMENTAL INFORMATION (continued)

#### Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Segment assets</b>		
Building construction	121,494	91,336
Alternations, renovation, upgrading and fitting-out works	85,622	107,068
Property maintenance	<u>77,043</u>	<u>71,429</u>
Total segment assets	284,159	269,833
Unallocated corporate assets	<u>373,156</u>	<u>156,791</u>
Total assets	<u><u>657,315</u></u>	<u><u>426,624</u></u>
<b>Segment liabilities</b>		
Building construction	90,539	55,616
Alternations, renovation, upgrading and fitting-out works	62,122	67,089
Property maintenance	<u>42,281</u>	<u>39,075</u>
Total segment liabilities	194,942	161,780
Unallocated corporate liabilities	<u>317,594</u>	<u>66,678</u>
Total liabilities	<u><u>512,536</u></u>	<u><u>228,458</u></u>

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than interests in associates and a joint venture, available-for-sale investments, certain property, plant and equipment, certain other receivables, pledged bank deposits, and bank balances and cash; and
- all liabilities are allocated to operating segments other than amount due to an associate, tax payable, secured bank borrowings, amount due to/loan from a related party, other payable and accrual and deferred tax liability.

### 3. REVENUE AND SEGMENTAL INFORMATION (continued)

#### Other segment information

	Building construction HK\$'000	Property maintenance HK\$'000	Alternations, renovation, upgrading and fitting- out works HK\$'000	Unallocated HK\$'000	Total HK\$'000
<b>2014</b>					
<b>Amounts included in the measure of segment profits or loss or segment assets:</b>					
Additions to property, plant and equipment	16,560	523	322	3,390	20,795
Depreciation of property, plant and equipment	2,307	235	84	2,518	5,144
Interest income from subcontractors	<u>(27)</u>	<u>(957)</u>	<u>(114)</u>	<u>—</u>	<u>(1,098)</u>
<b>Amounts regularly provided to the CODM but not included in the measure of segment results or segment assets:</b>					
Interests in associates	—	—	—	8,432	8,432
Bank interest income	—	—	—	(625)	(625)
Finance costs	—	—	—	3,071	3,071
Taxation	<u>—</u>	<u>—</u>	<u>—</u>	<u>(250)</u>	<u>(250)</u>
<b>2013</b>					
<b>Amounts included in the measure of segment results or segment assets:</b>					
Additions to property, plant and equipment	—	68	—	6,050	6,118
Depreciation of property, plant and equipment	119	204	16	2,665	3,004
Interest income from subcontractors	<u>—</u>	<u>(930)</u>	<u>(497)</u>	<u>—</u>	<u>(1,427)</u>
<b>Amounts regularly provided to the CODM but not included in the measure of segment profit or segment assets:</b>					
Interest in an associate	—	—	—	7,695	7,695
Share of profit of an associate	—	—	—	(7,462)	(7,462)
Loss on disposal of property, plant and equipment	—	—	—	40	40
Bank interest income	—	—	—	(668)	(668)
Government grant	—	—	—	(250)	(250)
Finance costs	—	—	—	1,572	1,572
Taxation	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,685</u>	<u>4,685</u>

### 3. REVENUE AND SEGMENTAL INFORMATION (continued)

#### Geographical information

The Group's operations are mainly located in Hong Kong, Macau and Singapore.

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets (excluding available-for-sale investments) is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Hong Kong (Country of domicile)	533,275	687,189	16,988	8,608
Singapore	323,607	277,556	23,835	16,053
Macau (Country of domicile)	<u>7,046</u>	<u>641</u>	<u>8</u>	<u>—</u>
	<u>863,928</u>	<u>965,386</u>	<u>40,831</u>	<u>24,661</u>

#### Information about major customers

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

	2014 HK\$'000	2013 HK\$'000
Customer A <sup>1</sup>	211,000	252,833
Customer B <sup>2</sup>	190,598	274,651
Customer C <sup>3</sup>	108,246	—
Customer D <sup>3</sup>	<u>—</u>	<u>106,636</u>

<sup>1</sup> Revenue from building construction, property maintenance and alterations, renovation, upgrading and fitting-out works.

<sup>2</sup> Revenue from building construction.

<sup>3</sup> Revenue from alterations, renovation, upgrading and fitting-out works.

#### 4. OTHER INCOME

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Rental income	1,973	—
Interest income from sub-contractors	1,098	1,427
Bank interest income	625	668
Sale of scrap materials	235	359
Government grant	277	250
Investment income from available-for-sale debt instruments	14	15
Others	<u>731</u>	<u>1,064</u>
	<b><u>4,953</u></b>	<b><u>3,783</u></b>

#### 5. FINANCE COSTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest on secured bank borrowings wholly repayable within five years	793	1,572
Interest on obligations under finance leases	137	—
Interest on loan from a related party	<u>2,141</u>	<u>—</u>
	<b><u>3,071</u></b>	<b><u>1,572</u></b>

## 6. (LOSS) PROFIT BEFORE TAXATION

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
(Loss) profit before taxation has been arrived at after charging:		
Directors' remuneration	3,345	4,184
Other staff costs included in cost of sales		
Salaries and allowances	57,928	52,262
Retirement benefit scheme contributions	1,728	1,757
Long service payment obligations	—	45
Other staff cost included in administrative expenses		
Salaries and allowances	36,016	30,930
Retirement benefit scheme contributions	<u>1,467</u>	<u>1,489</u>
Total other staff costs	<u>97,139</u>	<u>86,483</u>
Auditor's remuneration	1,279	1,043
Depreciation of property, plant and equipment		
Included in cost of sales	2,934	180
Included in administrative expenses	<u>2,210</u>	<u>2,824</u>
	<u>5,144</u>	<u>3,004</u>
Impairment loss on amount due from a joint venture	642	—
Loss on disposal of property, plant and equipment	—	40
Operating leases rental in respect of premises	4,256	1,831
Share of taxation of associates (included in share of results of associates)	<u>—</u>	<u>957</u>

## 7. TAXATION

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	6	3,812
(Over)underprovision of Hong Kong Profits Tax in prior years	(130)	866
Overprovision of Singapore Corporate Tax in prior year	<u>(552)</u>	<u>—</u>
	(676)	4,678
Deferred tax	<u>426</u>	<u>7</u>
	<u>(250)</u>	<u>4,685</u>

Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profit for both years.

## 7. TAXATION (continued)

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Macau Complementary Income Tax ("MCIT") is charged at the progressive rate on the estimated assessable profits. No provision for MCIT for both years has been made as the subsidiary operating in Macau does not generate any assessable profits.

Singapore Corporate Tax has been provided at the rate of 17% on the estimated assessable profit for the year. No provision for Singapore Corporate Tax for the both years has been made as the subsidiaries operating in Singapore have no assessable profits.

## 8. EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to the owners of the Company is based on the following data:

	2014 HK\$'000	2013 HK\$'000
<b>(Loss) earnings:</b>		
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share	<u>(48,318)</u>	<u>25,873</u>
	2014 '000	2013 '000
<b>Number of shares:</b>		
Number of ordinary shares in issue for the purpose of basic and diluted (loss) earnings per share	<u>300,000</u>	<u>300,000</u>

The diluted earnings per share is equal to the basic earnings per share as the Company do not have dilutive potential ordinary shares during the current and prior years.

## 9. DIVIDEND

	2014 HK\$'000	2013 HK\$'000
Dividend recognised as distribution during the year:		
Final dividend in respect financial year ended 31 March 2013 — Nil (2013: Final dividend in respect of financial year ended 31 March 2012 — HK\$3 cents per share)	<u>—</u>	<u>9,000</u>

No dividend was paid or proposed during the year, nor has any dividend been proposed since the end of the reporting period.

## 10. TRADE AND OTHER RECEIVABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables	134,273	147,897
Retention money receivables ( <i>note i</i> )	49,548	42,867
Advances to subcontractors ( <i>note ii</i> )	34,523	19,886
Loan to an officer ( <i>note iii</i> )	—	375
Utility deposits and other receivables ( <i>note iv</i> )	<u>31,902</u>	<u>29,090</u>
	<u><b>250,246</b></u>	<u><b>240,115</b></u>

### Notes:

- (i) The amount represents retentions held by customers for contract work, of which approximately HK\$17,502,000 (2013: HK\$25,739,000) is expected to be recovered or settled in more than twelve months from the end of the reporting period. Included in the retention money receivables at 31 March 2013 was an amount due from an associate of approximately HK\$999,000 (2014: Nil).
- (ii) The advances to subcontractors are unsecured, expected to be realised within one year and interest bearing at rates ranging from 7% to 9% (2013: 7% to 9%) per annum.
- (iii) The loan to an officer at 31 March 2013 was interest-free, fully repaid in January 2014 and secured by a personal guarantee provided by a director of a subsidiary. The maximum amount outstanding during the year was approximately HK\$375,000. The officer is a senior management of the Group but not a director nor shareholder of the Company and its subsidiaries.
- (iv) Included in other receivables are amounts of approximately HK\$10,023,000 (2013: HK\$9,721,000) pledged to secure short-term banking facilities granted to the Group and approximately HK\$3,794,000 (2013: HK\$5,960,000) pledged for guarantees in respect of performance bonds in favour of the Group's customers.

The Group does not have a standardised and universal credit period granted to its customers, and the credit period of individual customer is considered on a case-by-case basis and stipulated in the project contract, as appropriate. The following is an aged analysis of trade receivables, presented based on the certified report which approximated revenue recognition date at the end of the reporting period:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within 30 days	117,988	146,905
More than 30 days but within 90 days	15,234	437
More than 90 days	<u>1,051</u>	<u>555</u>
	<u><b>134,273</b></u>	<u><b>147,897</b></u>



## 10. TRADE AND OTHER RECEIVABLES (continued)

Included in the Group's trade receivable balance are debtors with an aggregate carrying amount of approximately HK\$1,821,000 (2013: HK\$992,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. There has not been a significant change in credit quality of the relevant customers and the Group believes that the amounts are still recoverable as there are continuing subsequent settlement. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired is as follows:

	2014 HK\$'000	2013 HK\$'000
More than 30 days but within 90 days	770	437
More than 90 days	<u>1,051</u>	<u>555</u>
	<u><b>1,821</b></u>	<u><b>992</b></u>

The directors of the Company consider that there has not been a significant change in credit quality of the trade receivables and there is no recent history of default, therefore the amounts are considered recoverable.

## 11. TRADE AND OTHER PAYABLES

	2014 HK\$'000	2013 HK\$'000
Trade payables	117,927	111,475
Retention money payables	51,435	42,845
Accrued expenses and other payables	<u>16,268</u>	<u>13,556</u>
	<u><b>185,630</b></u>	<u><b>167,876</b></u>

The retention money payables represent retentions held by the Group for contract work, of which approximately HK\$15,166,000 (2013: HK\$26,540,000) is due for settlement in more than twelve months from the end of the reporting period pursuant to the construction contracts.

The following is an aged analysis of trade payables, presented based on invoice date at the end of the reporting period:

	2014 HK\$'000	2013 HK\$'000
Within 30 days	112,977	109,112
More than 30 days but within 90 days	4,043	1,148
More than 90 days	<u>907</u>	<u>1,215</u>
	<u><b>117,927</b></u>	<u><b>111,475</b></u>

The average credit period on trade payables is 30 to 60 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (1) Results for the Year

Turnover of the Group has reduced from approximately HK\$965 million in the year ended 31 March 2013 (“Fy2013”) to approximately HK\$864 million in the year ended 31 March 2014 (“Fy2014”) representing a decrease of approximately HK\$101 million or approximately 10% as compared with Fy2013. Decrease in turnover was mainly attributable to decreasing alterations, renovation, upgrading and fitting-out works segment (collectively “A&A works segment”) in Hong Kong because a number of sizable projects in this segment were substantially completed in Fy2013.

The Group’s turnover grew in Singapore market. The increase in turnover in Singapore market was contributed mainly by the building construction segment. During the year, two construction projects in Singapore have been in full swing and also another construction project in Singapore has commenced, resulting in more revenue to recognize.

Gross profit has decreased from approximately HK\$71.1 million in Fy2013 to approximately HK\$21.8 million in Fy2014 representing decrease of approximately HK\$49.3 million as compared with last year.

Consolidated gross profit for the year was approximately HK\$21.8 million or a gross profit margin of 2.5% whilst the comparative figures a year earlier were HK\$71.1 million and 7.4% respectively. The gross profit and gross profit margin for Fy2013 was higher, which was mainly attributable to (1) a number of sizable projects in A&A works segment in Hong Kong with higher gross profit margin were substantially completed in Fy2013, (2) the progress of several projects in Hong Kong and Singapore were still at an early stage and such revenue and gross profit not reflected in Fy2014 and (3) significant increases in construction costs including material, staff and labour cost in building construction projects both in Hong Kong and Singapore in Fy2014 were recorded resulting reduction in gross profit and gross profit margin as compared to Fy2013.

During the year, the Group had won 22 new contracts with total contract value amounting to approximately HK\$1,453 million of which 6 contracts with contract value of approximately HK\$309 million were building construction segment, 2 contracts with contract value of approximately HK\$922 million were property maintenance segment and 14 contracts with contract value of approximately HK\$222 million were A&A works segment. As at 31 March 2014, the Group has projects in progress with total contract value of approximately HK\$3,013 million.

After the end of the reporting period end, another approximately HK\$254 million worth of new contracts were awarded.

Other income for the year was approximately HK\$5 million representing an increase of approximately HK\$1.2 million as compared with last year income of approximately HK\$3.8 million. The increase was mainly contributed by the rental income approximately HK\$2 million of construction machines in Fy2014.

Share of profit of an associate of approximately HK\$7.5 million for FY2013 represented profit contributed from an associate company of the Company, Castilia Development Pte Ltd, in Singapore. The residential apartments of the said associate company were handed over to the buyers in FY2013 resulting recognition of profit from sales of the residential apartments while no similar income was recorded in FY2014.

For FY2014, loss attributable to owners of the Company approximately HK\$48.3 million as compared with profit approximately HK\$25.9 million of the last year.

The basic loss per share of the Company for FY2014 was HK16.1 cents compared to basic earnings per share HK8.6 cents for FY2013.

## **(2) Review of Operations**

### *(i) Building Construction*

The building construction segment recorded revenue of approximately HK\$352 million for FY2014 (FY2013: approximately HK\$331 million). Segment loss for FY2014 was approximately HK\$0.9 million compared with segment profit of approximately HK\$24.9 million in FY2013. The result for the Group in this segment during the year was a slightly increase in segment revenue with change from segment profit in last year to current year segment loss. The slight increase in segment revenue was mainly due to construction projects in Singapore have been in full swing resulting that more segment revenue being recorded in the year. However segment loss incurred was primarily due to the fact that significant increases in construction costs including material, staff and labour cost in both Hong Kong and Singapore in FY2014 as compared to FY2013 were recorded.

### *(ii) Property Maintenance*

The property maintenance segment reported a continuous growth in segment revenue. The segment revenue for FY2014 was approximately HK\$214 million, up by 27% from approximately HK\$168.6 million in FY2013 and segment profit was approximately HK\$10.7 million and comparable to approximately HK\$12 million in FY2013. The overall result for the Group in this segment was a growth in segment revenue. Segment revenue increased because a property maintenance term contract was in full swing and more work orders were awarded and completed, resulting in more revenue being recognized during the year.

### *(iii) Alterations, renovation, upgrading and fitting-out works*

Revenue for the A&A works segment for FY2014 was approximately HK\$297 million (FY2013: approximately HK\$466 million) and segment profit was approximately HK\$13.3 million (FY2013: approximately HK\$36 million). The overall result for the Group in this segment was decrease in both segment revenue and segment profit associated with decrease in segment profit margin as compared with the last year.

The segment profit and segment profit margin of last year was higher primarily due to the fact that a number of sizable projects in A&A works segment in Hong Kong with higher gross profit margin were substantially completed in FY2013. In addition, the progress of several projects in Hong Kong were still at an early stage and such segment revenue and segment profit not reflected in FY2014.

### **(3) Prospects**

#### *Overall*

Looking into the coming years, the Group remains positive in the construction industry in Hong Kong, Singapore and Macau although continuous rise in the cost of construction is still an inevitable problem. In Hong Kong, the Group is also facing the challenge of shortage in skilled labor and subcontracting resources yet it could be overcome by the Group's ability to apply systematic approach to project management to further standardize and streamline different areas of operations. In Singapore, overall construction demand is expected to grow steadily in 2015 and 2016. In addition to new build construction, the Group also plans to expand its market for upgrading projects which will definitely increase the revenue of the Group. While in Macau, there is no sign of slowing down in the construction market. Leveraging on the Group's vast experience in handling a wide variety of construction works in past two decades, the Group's project management expertise and proven performance record, the Group is well prepared for the opportunities ahead.

#### *Business Development*

Looking forward, the Group remains committed to exploring new business opportunities outside the solid operational foundation it has created with its core businesses. Leveraging its many years of experience, the Group's management has begun deploying resources to seize potential growth opportunities in the resources sector. The Group strongly believes that its team is ideally positioned to benefit from future growth opportunities in this field.

### **(4) Financial Position**

In FY2014, the Group mainly relied upon funds generated internally together with bank borrowings to finance its operations and expansion.

As at 31 March 2014, the Group's total cash in hand was approximately HK\$311.8 million (as at 31 March 2013: approximately HK\$98 million).

The portfolio of the currencies of bank deposits is listed as follow:

	<b>31 March 2014 '000</b>	31 March 2013 '000
Hong Kong Dollars	<b>275,534</b>	53,323
United States Dollars	<b>853</b>	853
Singapore Dollars	<b>2,699</b>	6,045
Macao Patacas	<b>922</b>	273
Australian Dollars	<b>100</b>	—

During the year, the Group has no financial instrument for currency hedging purpose.

The Group has certain portion of bank balances and cash denominated in currencies other than the functional currency of the entity to which they relate. The Group currently does not have any financial instruments for currency hedging purpose but will consider hedging significant foreign currency exposure should the need arise.

Total interest bearing borrowings have increased significantly from HK\$48.5 million as at 31 March 2013 to HK\$181 million as at 31 March 2014. All borrowings were denominated in Hong Kong Dollars. The Group show substantial improved cash position that the Group's net cash balance have increased from 31 March 2013 of approximately HK\$49.5 million to 31 March 2014 of approximately HK\$308 million.

The bank borrowings are secured by the Group's property, certain bank deposits and benefits under certain construction contracts. At the end of the reporting period, the Group had pledged the following assets to banks and an insurance company to secure the banking facilities and performance bonds granted to the Group:

	<b>31 March 2014 HK\$'000</b>	31 March 2013 HK\$'000
Property, plant and equipment	<b>7,740</b>	7,920
Other receivables	<b>13,817</b>	15,681
Bank deposits	<b><u>44,661</u></b>	<u>47,901</u>
	<b><u>66,218</u></b>	<u>71,502</u>

All the bank borrowings of the Group are arranged on a floating rates basis. 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 the end of reporting period, the Group has been granted total banking facilities of approximately HK\$202 million (as at 31 March 2013: approximately HK\$259.4 million). An amount of approximately HK\$106.4 million (as at 31 March 2013: approximately HK\$173.7 million) remained unutilized.

## **(5) Credit risk**

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 March 2014 and 31 March 2013 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statements of financial position. To minimise the credit risk, the management of the Group has delegated a team responsible for determination of monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivables regularly at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

## **(6) Liquidity and Financial Resources**

The Group's liquidity and gearing ratio remain well managed as of year end. As at 31 March 2014, the gearing ratio of the Group was 27.5% (31 March 2013: approximately 11.4%). The gearing ratio is calculated by dividing total interest-bearing borrowings with total assets as at reporting date multiplied by 100%. The increase in gearing ratio was due to the increase in interest-bearing borrowings during Fy2014.

As at 31 March 2014, current assets and current liabilities were stated at approximately HK\$605.2 million (as at 31 March 2013: approximately HK\$387.1 million) and approximately HK\$333.3 million (as at 31 March 2013: approximately HK\$227.2 million), respectively. Current ratio increased slightly from 1.70 times as at 31 March 2013 to 1.82 times as at 31 March 2014. The current ratio is calculated by dividing current assets with current liabilities as at the end of respective period.

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

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

## (7) Contingent Liabilities and Capital Commitments

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

	<b>31 March 2014 HK\$'000</b>	<b>31 March 2013 HK\$'000</b>
Guarantees in respect of performance bonds in favor of its clients	<b>127,080</b>	129,506

The Group did not have any significant capital commitment as at 31 March 2014 and 31 March 2013.

## (8) Available-For-Sale Investments

As at 31 March 2014, the Group has available-for-sale investments of approximately HK\$11.2 million (as at 31 March 2013: approximately HK\$14.9 million), which comprised primarily investment in the listed shares of a listed company in Singapore, HLH Group Limited. As at 31 March 2014, the Group held 89,400,000 shares (as at 31 March 2013: held 89,400,000 shares). The fair values of the above listed shares are determined based on the quoted bid prices available on the Singapore Exchange Limited. The Group considered that acquiring shares in HLH Group Limited and investing in Castilia Development Pte Ltd (a property development company in Singapore as to 20% owned by the Group and 80% owned by HLH Group Limited) would help the Group's expansion in Southeast Asia by leveraging the experience of HLH Group Limited in the construction business.

## (9) Use of net proceeds from listing

The Company's shares were listed on the Main Board of the Stock Exchange on 18 January 2012. The net proceeds from the Company's listing were approximately HK\$39.9 million after deducting underwriting fee and other related expenses. In accordance with the proposed applications set out in the section "Future Plans And Use of Proceeds" in the prospectus 30 December 2011, the net proceeds received were applied during the years ended 31 March 2013 and 31 March 2014 as follows:

	Net proceeds (HK\$ million)			
	Available	Utilized 2013	Utilized 2014	Unutilized
Business development in The People's Republic of China	9.6	0.2	1	8.4
Operation of projects awarded from 1 July 2011 as disclosed in the prospectus of the Company dated 30 December 2011	9.6	9.6	0	—
Increase the performance bond facilities	9.6	4.8	0	4.8
Marketing and promotion	6.3	0.2	0.4	5.7
Development of new construction techniques and methodologies	<u>4.8</u>	<u>3.8</u>	<u>0</u>	<u>1.0</u>
	<u>39.9</u>	<u>18.6</u>	<u>1.4</u>	<u>19.9</u>

The Group held the unutilized net proceeds in short-term deposits or time deposits with reputable banks in Hong Kong as at 31 March 2013 and 31 March 2014.

## (10) Movement of incomplete contracts for the year ended 31 March 2014

	31 March 2013 HK\$'000	Contracts Secured HK\$'000	Contracts Completed HK\$'000	31 March 2014 HK\$'000
Building Construction	1,594,099	309,201	539,160	<b>1,364,140</b>
Property Maintenance	679,168	922,188	383,438	<b>1,217,918</b>
Alteration, Renovation, Upgrading and Fitting-Out Works	<u>662,250</u>	<u>221,590</u>	<u>453,140</u>	<u><b>430,700</b></u>
	<u>2,935,517</u>	<u>1,452,979</u>	<u>1,375,738</u>	<u><b>3,012,758</b></u>



## **(11) Employees and remuneration policies**

As at 31 March 2014, the Group employed a total of 324 members of staff (as at 31 March 2013: 280 staff) which included Hong Kong, Macau & Singapore employees. The total remuneration for staff was approximately HK\$100 million for FY2014 (FY2013: approximately HK\$91 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.

## **DIVIDEND**

The Directors do not recommend the payment of final dividend in respect of the year ended 31 March 2014 (2013: Nil). No interim dividend was declared for the six months ended 30 September 2013 (2012: nil).

## **CORPORATE GOVERNANCE PRACTICES**

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 2014, 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 2014, the Company had complied with the CG Code as set out in Appendix 14 to the Listing Rules.

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. During the year ended 31 March 2014, Mr. Wong Law Fai had been both the chairman and chief executive officer of the Company until 28 May 2013 when Mr. Wang Zhijun was appointed as the chairman in place of Mr. Wong Law Fai. Therefore, the code provision A.2.1 of the CG Code has been complied with.

According to the code provision A.2.7 of the CG Code, the chairman should at least annually hold meetings with the non-executive Directors and independent non-executive Directors without the executive Directors present. Although the chairman did not hold a meeting with the non-executive Directors and independent non-executive Directors during the year ended 31 March 2014, he delegated the company secretary to gather any concerns and/or questions that the non-executive Directors and independent non-executive Directors might have and report to him for setting up follow-up meetings, whenever necessary, in due course.

### **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 have complied with the Model Code during the year ended 31 March 2014.

### **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 financial statements and annual results for the year ended 31 March 2014.

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

During the year ended 31 March 2014, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

### **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 2014 annual report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company (the “Shareholders”) and available on the same websites in due course.

## **SUBSEQUENT EVENTS**

### **Change of Company Secretary**

On 14 June 2014, Mr. Lee Hon Chiu (“Mr. Lee”) has resigned as the company secretary of the Company (the “Company Secretary”) and Mr. Kwan Ngai Kit has been appointed as the Company Secretary following the resignation of Mr. Lee.

### **Share Subdivision, Change in Board Lot Size and Rights Issue**

The Company has proposed (i) to subdivide each (1) existing issued and unissued shares of HK\$0.01 in the share capital of the Company into eight (8) subdivided shares of HK\$0.00125 each; (ii) to change the board lot size for trading on the Stock Exchange from 2,000 shares to 10,000 subdivided shares after the share subdivision becoming effective; and (iii) to raise approximately HK\$384 million (before expenses) by way of rights issue of 2,400,000,000 rights shares at the subscription price of HK\$0.16 per rights share on the basis of one rights share for every subdivided share held on 11 August 2014. The rights issue is only available to the qualifying Shareholders and such qualifying Shareholders are not entitled to apply for any rights share which are in excess of their assured entitlements.

For details, please refer to the Company’s announcement dated 19 June 2014.

By Order of the Board  
**Vision Fame International Holding Limited**  
**Wang Zhijun**  
*Chairman*

Hong Kong, 26 June 2014

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Wang Zhijun, Mr. Gavin Xing and Mr. Hu Baoyue; and three independent non-executive Directors, namely Mr. Chiu Sai Chuen Nicholas, Mr. Tam Tak Kei Raymond and Mr. Wong Kai Tung Simon.*