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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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of Vision Fame International Holding Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2016, together with the comparative figures for the corresponding period in 2015:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2016

		Six months ended	
		30.9.2016	30.9.2015
	<i>NOTES</i>	HK\$'000	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
REVENUE	3	770,847	1,420,654
Cost of sales		<u>(742,580)</u>	<u>(1,393,085)</u>
Gross profit		28,267	27,569
Other income and gains		9,791	5,175
Administrative expenses		(29,509)	(33,026)
Research and development costs		(1,759)	—
Other operating losses		—	(9,000)
Finance costs	4	<u>(1,766)</u>	<u>(3,996)</u>
PROFIT/(LOSS) BEFORE TAX	5	5,024	(13,278)
Income tax	6	<u>—</u>	<u>(2,399)</u>
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>5,024</u>	<u>(15,677)</u>

		Six months ended	
		30.9.2016	30.9.2015
	<i>NOTE</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
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		535	(1,902)
Reclassification adjustment for losses included in the condensed consolidated statement of profit or loss and other comprehensive income:			
— impairment losses		<u>—</u>	<u>1,014</u>
		535	(888)
Release of exchange reserve upon deregistration of subsidiaries		(681)	—
Exchange differences on translation of foreign operations		<u>(11,711)</u>	<u>(569)</u>
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		<u>(11,857)</u>	<u>(1,457)</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		<u>(11,857)</u>	<u>(1,457)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>(6,833)</u>	<u>(17,134)</u>
		Six months ended	
		30.9.2016	30.9.2015
			(Restated)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
— Basic (HK cents)	7	<u>0.08</u>	<u>(1.05)</u>
— Diluted (HK cents)		<u>0.08</u>	<u>(1.05)</u>

Condensed Consolidated Statement of Financial Position

At 30 September 2016

	<i>NOTES</i>	30.9.2016 <i>HK\$'000</i> (Unaudited)	31.3.2016 <i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		44,534	15,855
Investment in an associate		565	572
Investment in a joint venture		—	—
Available-for-sale investments		3,864	3,396
Prepayments, deposits and other receivables		24,570	4,502
		<hr/>	<hr/>
Total non-current assets		73,533	24,325
CURRENT ASSETS			
Gross amount due from contract customers		38,443	27,580
Trade receivables	9	388,074	330,191
Prepayments, deposits and other receivables		74,450	128,397
Available-for-sale investments		14,099	—
Pledged bank deposits and restricted cash		46,342	60,366
Tax recoverable		18	—
Cash and cash equivalents		329,766	397,801
		<hr/>	<hr/>
Total current assets		891,192	944,335
CURRENT LIABILITIES			
Gross amount due to contract customers		3,074	3,872
Trade payables	10	315,628	307,385
Other payables and accruals		31,018	35,110
Amounts due to a related party	11	108,805	107,953
Tax payable		1,483	2,505
Interest-bearing bank and other borrowings		1,562	1,976
		<hr/>	<hr/>
Total current liabilities		461,570	458,801
NET CURRENT ASSETS		<hr/> 429,622 <hr/>	<hr/> 485,534 <hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 503,155 <hr/>	<hr/> 509,859 <hr/>

	<i>NOTES</i>	30.9.2016 <i>HK\$'000</i> (Unaudited)	31.3.2016 <i>HK\$'000</i> (Audited)
NON-CURRENT LIABILITIES			
Convertible bond	<i>12</i>	13,392	12,529
Loans from a related party	<i>11</i>	170,000	170,000
Interest-bearing other borrowings		1,482	2,216
Other payables and accruals		828	828
		<hr/>	<hr/>
Total non-current liabilities		185,702	185,573
		<hr/>	<hr/>
Net assets		317,453	324,286
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Issued capital		12,000	12,000
Equity component of convertible bond	<i>12</i>	11,746	11,746
Other reserves		293,707	300,540
		<hr/>	<hr/>
Total equity		317,453	324,286
		<hr/> <hr/>	<hr/> <hr/>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares have been listed on The Stock Exchange of Hong Kong Limited with effect from 18 January 2012.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institutes of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2016.

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2016.

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
HKFRS 14	<i>Regulatory Deferral Accounts</i>
<i>Annual Improvements 2012–2014 Cycle</i>	Amendments to a number of HKFRSs

The adoption of these revised HKFRSs has had no financial effect on the financial statements. The Group has not early adopted any other standard, interpretation, or amendment that has been issued but is not yet effective.

3. REVENUE AND SEGMENT INFORMATION

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

- (i) building construction and other construction related business;
- (ii) alterations, renovation, upgrading and fitting-out works;
- (iii) property maintenance;
- (iv) property development and provision of related management and advisory services; and
- (v) graphene production and trading of metals and materials.

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

	Building construction and other construction related business <i>HK\$'000</i>	Alterations, renovation, upgrading and fitting-out works <i>HK\$'000</i>	Property maintenance <i>HK\$'000</i>	Property development and provision of related management and advisory services <i>HK\$'000</i>	Graphene production and trading of metals and materials <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30.9.2016						
Segment revenue — external customers	<u>154,261</u>	<u>162,432</u>	<u>292,867</u>	<u>—</u>	<u>161,287</u>	<u>770,847</u>
Segment results	<u>3,635</u>	<u>11,352</u>	<u>13,801</u>	<u>(92)</u>	<u>92</u>	<u>28,788</u>
Unallocated other income and gain/(loss)						6,738
Administrative expenses						(29,417)
Finance costs						(1,766)
Gain on deregistration of subsidiaries						<u>681</u>
Profit before tax						<u><u>5,024</u></u>

	Building construction and other construction related business <i>HK\$'000</i>	Alterations, renovation, upgrading and fitting-out works <i>HK\$'000</i>	Property maintenance <i>HK\$'000</i>	Property development and provision of related management and advisory services <i>HK\$'000</i>	Graphene production and trading of metals and materials <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30.9.2015						
Segment revenue — external customers	<u>282,903</u>	<u>247,803</u>	<u>170,467</u>	<u>9,234</u>	<u>710,247</u>	<u>1,420,654</u>
Segment results	<u>4,247</u>	<u>7,360</u>	<u>8,512</u>	<u>8,056</u>	<u>753</u>	28,928
Unallocated other income and gain/(losses)						(5,348)
Administrative expenses						(31,848)
Finance costs						(3,996)
Impairment loss on available-for-sale investments						<u>(1,014)</u>
Loss before tax						<u>(13,278)</u>

4. FINANCE COSTS

	Six months ended	
	30.9.2016	30.9.2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on:		
Secured bank loans wholly repayable within five years	3	695
Convertible bond	863	—
Obligations under finance leases	48	62
Loans from a related party	<u>852</u>	<u>3,239</u>
	<u>1,766</u>	<u>3,996</u>

5. PROFIT/(LOSS) BEFORE TAX

Six months ended	
30.9.2016	30.9.2015
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

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

Depreciation of property, plant and equipment*	4,242	3,593
Research and development costs	1,759	—
Operating lease rentals in respect of premises	1,092	2,464
Bank interest income	(662)	(278)
Interest income from sub-contractors	(2,302)	(2,537)
Loss/(gain) on disposal of property, plant and equipment [#]	(72)	4,310
Foreign exchange difference, net [#]	(5,372)	3,676
Gain on deregistration of subsidiaries	(681)	—
Impairment loss on available-for-sale investments [#]	—	1,014
	<u> </u>	<u> </u>

* Amount of approximately HK\$314,000 (2015: Nil) was included in “Research and development costs”.

[#] Included in “Other income and gains” and “Other operating losses” for the six months ended 30 September 2016 and 30 September 2015, respectively.

6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group has available tax losses brought forward from prior years to offset the assessable profits generated during the period. In the prior period, no provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during that period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Six months ended	
30.9.2016	30.9.2015
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

Current tax		
— Elsewhere	—	2,014
Deferred tax	—	385
	<u> </u>	<u> </u>
	<u> </u>	<u>2,399</u>

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

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 6,000,000,000 (2015: (restated) 1,500,000,000) in issue during the period, after taking into account the share subdivision which became effective on 3 May 2016.

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

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

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(loss) per share calculation	5,024	(15,677)
Interest on a convertible bond	863	—
	<u>5,887</u>	<u>(15,677)</u>
Profit/(loss) attributable to ordinary equity holders of the parent before interest on a convertible bond	<u>5,887</u>	<u>(15,677)</u>
	Number of shares	
	2016	2015
		(restated)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	6,000,000,000	1,500,000,000
Effect of dilution — weighted average number of ordinary shares: A convertible bond	<u>391,475,580</u>	—
	<u>6,391,478,580*</u>	<u>1,500,000,000</u>

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

The number of ordinary shares for the current and prior periods have been adjusted as if the share subdivision had occurred at the beginning of the earliest period presented.

8. DIVIDEND

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

9. TRADE RECEIVABLES

	30.9.2016 <i>HK\$'000</i> (Unaudited)	31.3.2016 <i>HK\$'000</i> (Audited)
Trade receivables	334,338	271,718
Retention money receivables	<u>53,736</u>	<u>58,473</u>
	<u>388,074</u>	<u>330,191</u>

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

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

	30.9.2016 <i>HK\$'000</i> (Unaudited)	31.3.2016 <i>HK\$'000</i> (Audited)
Within 1 month	267,693	227,516
1 to 3 months	64,252	43,888
Over 3 months	<u>2,393</u>	<u>314</u>
	<u>334,338</u>	<u>271,718</u>

10. TRADE PAYABLES

	30.9.2016 <i>HK\$'000</i> (Unaudited)	31.3.2016 <i>HK\$'000</i> (Audited)
Trade payables	243,529	236,547
Retention monies payables	<u>72,099</u>	<u>70,838</u>
	<u>315,628</u>	<u>307,385</u>

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

	30.9.2016 <i>HK\$'000</i> (Unaudited)	31.3.2016 <i>HK\$'000</i> (Audited)
Within 1 month	233,987	224,443
1 month to 3 months	4,124	6,713
Over 3 months	5,418	5,391
	243,529	236,547

11. AMOUNTS DUE TO/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. Pursuant to loan agreements dated 1 December 2013, the amounts comprise loans of HK\$170,000,000 which are unsecured and bears interest at 1% (2015: 3.80%) per annum and repayable in June 2018 as extended by Mr. Wong Law Fai.

The amounts due to a related party of HK\$108,805,000 (2015: HK\$107,953,000) were advanced by Mr. Wong Law Fai, a director of certain subsidiaries of the Company. They are unsecured, interest-free and repayable on demand.

12. CONVERTIBLE BOND

On 3 February 2016, the Company issued a convertible bond with a principal amount of HK\$24,000,000 to Mega Start Limited ("Mega Start"), which is a substantial shareholder and a company wholly owned by Mr. Chau Chit (being the Chairman and an Executive Director of the Company). Details of the convertible bond are set out in the Company's announcement dated 16 December 2015.

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 period has been split into the liability and equity components as follows:

	30 September 2016 <i>HK\$'000</i> (Unaudited)	31 March 2016 <i>HK\$'000</i> (Audited)
Nominal value		
At 3 February 2016 (issuance date), 31 March 2016, 1 April 2016 and 30 September 2016	24,000	24,000
Liability component		
At 1 April 2016/3 February 2016 (issuance date)	12,529	12,254
Interest expense	863	275
At period/year end	13,392	12,529
Equity component		
At 3 February 2016 (issuance date), 31 March 2016, 1 April 2016 and 30 September 2016	11,746	11,746

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Interim Results

For the half year ended 30 September 2016 (the “Period”), the Group recorded a turnover of approximately HK\$770,847,000, representing an approximately 46% decrease compared with approximately HK\$1,420,654,000 of the same period in 2015 (“Prior Interim Period”).

The decrease in turnover of the Group for the Period was mainly attributable to the decreased revenue from property development and provision of related management and advisory services segment (from approximately HK\$9,234,000 to nil) and the graphene production and trading of metal and materials segment (from approximately HK\$710,247,000 to approximately HK\$161,287,000) as compared to Prior Interim Period. Such decrease was resulted from the declining market condition and the Group’s business reform during the Period, which would be further discussed in the review of operations section below.

Besides, the turnover from the building construction segment and the alteration, renovation, upgrading and fitting-out works segment (collectively “A&A works”) also contracted to approximately HK\$154,261,000 and HK\$162,432,000 (Prior Interim Period: approximately HK\$282,903,000 and HK\$247,803,000) respectively.

On the contrary, the turnover from the property maintenance segment for the Period increased by approximately 72% to approximately HK\$292,867,000 (Prior Interim Period: approximately HK\$170,467,000). The increase was mainly attributable to the revenue recognised for a large scale project with contract value of approximately HK\$726 million secured in 2015.

For the Period under review, the Group recorded a gross profit of approximately HK\$28,267,000 (Prior Interim Period: approximately HK\$27,569,000). The loss in revenue from trading of metals and materials segment had no significant impact on the gross profit of the Group as the related trading of the metals and materials recorded a very thin profit margin (approximately 0.1%) in the Prior Interim Period. The increase in the overall gross profit of the Period as compared to the Prior Interim Period was mainly attributable to the stringent cost control imposed by the Group.

For the Period under review, profit attributable to owners of the Company was approximately HK\$5,024,000 as compared with the loss of approximately HK\$15,677,000 in Prior Interim Period. The results of the Prior Interim Period was adversely affected by one-off losses from disposal of property, plant and equipment amounted to approximately HK\$4,310,000; foreign exchange loss of approximately HK\$3,676,000; and impairment loss of available-for-sale investments amounted to approximately HK\$1,014,000. The turnaround in the Period was also attributable to the foreign exchange gain of HK\$5,372,000 which was mainly arising from the appreciation of Hong Kong dollar against Renminbi (“RMB”) in the Period.

Basic earnings per share for the Period was approximately HK0.08 cent (Prior Interim Period: loss per share approximately HK1.05 cents, as restated) and diluted earnings per share was approximately HK0.08 cent (Prior Interim Period: loss per share approximately HK1.05 cents, as restated).

(2) Review Of Operations

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

Revenue for the building construction segment for the Period was approximately HK\$154,261,000 (Prior Interim Period: approximately HK\$282,903,000) and segment profit was approximately HK\$3,635,000 (Prior Interim Period: approximately HK\$4,247,000).

The revenue for building construction segment for the Period and Prior Interim Period mainly represented revenue from certain large scale contracts secured in the financial year ended 31 March 2015, in which the Group had won 11 contracts with total contract value of approximately HK\$712 million. These projects were in full swing operation in 2015 and the related revenue was mainly recorded in the last financial year. During the Period, the Group had won 4 (Prior Interim Period: 3) new contracts for building construction with total contract value amounting to approximately HK\$137 million (Prior Interim Period: HK\$18 million).

(ii) *Property Maintenance*

Revenue for the property maintenance segment for the Period was approximately HK\$292,867,000 (Prior Interim Period: approximately HK\$170,467,000) and segment profit was approximately HK\$13,801,000 (Prior Interim Period: approximately HK\$8,512,000).

The increase in both segment revenue and profit was mainly attributable to the revenue recognised for a large scale project with total contract value of approximately HK\$726 million secured in April 2015. The property maintenance projects mainly included maintenance works for public sectors, which were negotiated for terms ranging from two to three years.

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

Revenue for the A&A works segment for the Period was approximately HK\$162,432,000 (Prior Interim Period: approximately HK\$247,803,000) and segment profit was approximately HK\$11,352,000 (Prior Interim Period: approximately HK\$7,360,000).

Similar to building construction segment, the decrease in the revenue from A&A works was mainly attributable to the recognition of revenue for several large scale projects secured in prior years, which were in full swing operation in the Prior Interim Period. During the Period, the Group had won 3 (Prior Interim Period: 9) contracts for A&A works with total contract value of approximately HK\$37 million (Prior Interim Period: approximately HK\$229 million).

The increase in segment profit was due to decrease in construction cost as a result of the better cost control imposed by the Group in certain projects during the Period.

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

The PDMAS segment had entered into a hibernation since April 2016. Following the disposal of the property under development in Australia in first quarter of 2016, there was unexpected hiccups in the development of PDMAS business and there was no income recognised for PDMAS for the period (Prior Interim Period: approximately HK\$9,234,000). Meanwhile the management is reviewing and re-formulating a better business model of this operation.

(v) *Graphene Production and Trading of metals and materials*

Revenue for this segment of the Period included sales of graphene of approximately HK\$1,623,000 (Prior Interim Period: Nil) and sales of metals and materials of approximately HK\$159,664,000 (Prior Interim Period: HK\$710,247,000). Segment profit was approximately HK\$92,000 (Prior Interim Period: approximately HK\$753,000).

The Group acquired the graphene production business in the last financial period. The installation and trial run of the first graphene production line with annual production capacity of approximately 3.5 tonnes was completed in April 2016. During the Period, the Group entered into cooperation agreements with universities and research institutes on the application of graphene outputs and made certain sales to manufacturers in the nanometer-scaled/metals material industry for application test purposes.

On the other hand, there was a transformation for the trading of metals and materials business during the Period. In view of the declining metal price in the past periods and the thin profit margin recorded in Prior Interim Period, the Group commenced the trading of titanium dioxide, which was widely used in pigment, sunscreen, food coloring, and shrunk the trading of metals. During the Period, the Group sold approximately 4,500 tonnes of titanium dioxide.

(3) Prospects

Graphene production business

The Board considers the development of the graphene production business to be a prime business opportunity. Following the successful installation and trial run of our first graphene production line in April 2016, the Group had been actively entered into cooperation agreements with universities and research institutes for development of downstream graphene products, including:

- (i) the technical cooperation agreement with The National Centre for Nanoscience and Technology of China (“NCNTC”) in respect of the establishment of The Joint Engineering Laboratory for Research and Applications of Graphene for a term of 3 years;

- (ii) the technical cooperation agreement with Marine Chemical Research Institute (“MCRI”) for research and applications of graphene in anti-erosion coatings and paints for a term of 3 years; and
- (iii) the technical cooperation agreement with Tonji University and Shanghai Jiao Tong University for the development of graphene-based electrochemical energy storage equipment.

Up to date of this announcement, the development progress of the graphene production business is good and met with the Board’s expectation. The quality of the Group’s graphene outputs were affirmed by both NCNTC and MCRI for targeted applications. In particular for graphene based coatings application, MCRI had developed a graphene-zinc anti-corrosion primer which has reached the national industry standard requirements of the zinc rich epoxy primer. A number of domestic investors are liaising with the Group, seeking for cooperation in the coatings technology. The Group is in the process of negotiation and selection of partners.

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

It is expected that the graphene production business would generate profit in the first half of 2017.

Constructions, Property maintenance and A&A Works

It is clear that the short term of Hong Kong construction industry shall be challenging. The Group remains general positive in the market which is continuing offer a lot of opportunities even it is still buoyant. The Board considers that real challenges are the keen competitions and continuous escalation of labor costs. In facing the challenges, we will concentrate our effort to enhance efficiency and adopt various measures to improve the operating results, stay caution in formulating our tendering strategy, maintain our existing client base as well as exploring new business opportunities. We will continue to solidify our brand and presence in Hong Kong market.

In the first half of 2016, the Singapore construction market registered a sharp decline in construction demand. The reduction is attributable mainly to the drop in demand for the private sector building projects. Many players from the private sector are now tendering aggressively for public sector projects. From the tender prices for public sector projects in the last quarter, the bids were significantly below budget. Given the challenging market conditions, the company’s strategy to tender for a wider range of project types and also price ranges will need to be augmented with lower margins reflective of the current competition.

Opportunity for Hong Kong building contractors is diminishing because of the slowdown of the Macau mega construction works, this will continue for a period of time till Hong Kong — Macau bridge opens to vehicular traffic.

Other businesses

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

(4) Available-for-sale Investments

As at 30 September 2016, the Group has available-for-sale investments of approximately HK\$18.0 million (as at 31 March 2016: approximately HK\$3.4 million), which comprised primarily the listed investment in the 89,400,000 shares of a listed company in Singapore, HLH Group Limited with market value of approximately HK\$3.6 million (as at 31 March 2016: 89,400,000 shares with market value of approximately HK\$3.1 million) and investment in the Certificate of Deposit issued by Dah Sing Bank Limited due in April 2017, of approximately HK\$14.1 million (as at 31 March 2016: Nil).

(5) Material Acquisitions and Disposal of Subsidiaries and Associated Companies

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

(6) Liquidity and Financial Resources

The Group maintained a strong and healthy financial position. As at 30 September 2016, the current assets and current liabilities were stated at approximately HK\$891.2 million (as at 31 March 2016: approximately HK\$944.3 million) and approximately HK\$461.6 million (as at 31 March 2016: approximately HK\$458.8 million), respectively. The current ratio slightly decreased from 2.06 times of 31 March 2016 to 1.93 times of 30 September 2016. The current ratio is calculated by dividing current assets with current liabilities as at the end of the respective period.

As at 30 September 2016, the Group had total cash and bank deposits of approximately HK\$376.1 million (as at 31 March 2016: approximately HK\$458.2 million). As at 30 September 2016, total interest-bearing loans and zero-coupon convertible bond amounted to approximately HK\$173.0 million (31 March 2016: approximately HK\$174.2 million) and HK\$13.4 million (31 March 2016: approximately HK\$12.5 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\$456.2 million as at 31 March 2016 to approximately HK\$374.5 million as at 30 September 2016. The decrease in net cash balance was due to working capital utilised to finance the operations of the Group.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. As at 30 September 2016, the Group had obtained credit facilities from various banks, and financial institutions up to a maximum amount of approximately

HK\$98,000,000 (31 March 2016: approximately HK\$98,000,000) and approximately HK\$31,453,000 (31 March 2016: approximately HK\$38,749,000) of the credit facilities has been utilized.

As at 30 September 2016, the gearing ratio of the Group was approximately 18% (as at 31 March 2016: approximately 18%). The gearing ratio is calculated by dividing total interest-bearing borrowings with total assets as at the reporting date multiplied by 100%.

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

(7) Foreign exchange and interest rate risk

The Group adheres to prudent financial management principle in order to control and minimise financial and operational risks. The Group has certain portion of bank balances and cash denominated in currencies other than the functional currencies of the relevant entities to which they relate. In addition, the Group's sales and purchases are mainly transacted in Hong Kong dollar, United States dollar, Singapore dollar and Renminbi. The Group will, from time to time, review its foreign exchange position and market conditions to determine if any hedging is required.

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

(8) Pledge of assets

At the end of the reporting period, the following assets are pledged to banks and insurance companies to secure the bank borrowings and performance bond facilities granted to the Group:

	30 September 2016 HK\$'000	31 March 2016 HK\$'000
Other receivables	20,132	14,692
Available-for-sale investments	14,099	—
Bank deposits and restricted cash	<u>46,342</u>	<u>60,366</u>
	<u>80,573</u>	<u>75,058</u>

(9) Contingent Liabilities and Capital Commitments

At the end of the reporting period, approximately HK\$133,144,000 (as at 31 March 2016: approximately HK\$141,189,000) of performance bonds were given by banks or insurance companies in favour of some Group's customers. These performance bonds were issued as security for the due performance and observance of the Group's obligations under the construction contracts

entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the banks or insurance companies to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks or insurance companies accordingly. The performance bonds will be released upon completion of the contract work for the relevant customers.

The Group did not have any significant capital commitment as at 30 September 2016 and 31 March 2016.

(10) Event after the Reporting Period

No significant event has taken place after 30 September 2016 and up to the date of this announcement.

(11) Movement of Incompleted Contracts for the six months ended 30 September 2016

	31 March 2016 <i>HK\$'000</i>	Contracts Secured <i>HK\$'000</i>	Contracts Completed <i>HK\$'000</i>	30 September 2016 <i>HK\$'000</i>
Building Construction	1,111,301	137,211	144,230	1,104,282
Property Maintenance	1,984,401	—	—	1,984,401
Alteration, Renovation, Upgrading and Fitting-Out Works	<u>809,480</u>	<u>36,990</u>	<u>256,623</u>	<u>589,847</u>
	<u>3,905,182</u>	<u>174,201</u>	<u>400,853</u>	<u>3,678,530</u>

Contracts secured subsequent to 30 September 2016 and up to the date of this announcement

Contracts	Commencement date	Contract value <i>HK\$'000</i>
Proposed additions and alterations to existing St Gabriel's Primary School at 220 Lorong Chuan, Singapore	November 2016	36,302
Renovation works at Tsz Wan Shan Shopping Centre, Kowloon, Hong Kong	November 2016	<u>52,400</u>
		<u>88,702</u>

(12) Employees and Remuneration Policies

As at 30 September 2016, the Group employed a total of 336 staff (as at 30 September 2015: 330 staff) which included Hong Kong, Singapore, the People's Republic of China and Macau employees. The total remuneration for staff was approximately HK\$46 million for the Period (Prior Interim Period: approximately HK\$51 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.

INTERIM DIVIDEND

The directors of the Company (the "Directors") do not recommend the payment of dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: Nil).

CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate governance practices and procedures. The Company has complied with all the code provisions as set out in Corporate Governance Code and Corporate Governance Report to the Appendix 14 of the Listing Rules (the "CG Code") throughout the six months ended 30 September 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Specific enquiry has been made to each of the Directors and all Directors have confirmed that they have complied with the Model Code during the six months ended 30 September 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

AUDIT COMMITTEE

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

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

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

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

By Order of the Board
Vision Fame International Holding Limited
Chau Chit
Chairman

Hong Kong, 29 November 2016

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Chau Chit and Mr. Xie Xiaotao; one non-executive Director, Mr Chen Guobao; and three independent non-executive Directors, namely Mr. Tam Tak Kei Raymond, Mr. Wong Kai Tung Simon and Mr. Wong Wai Kwan.