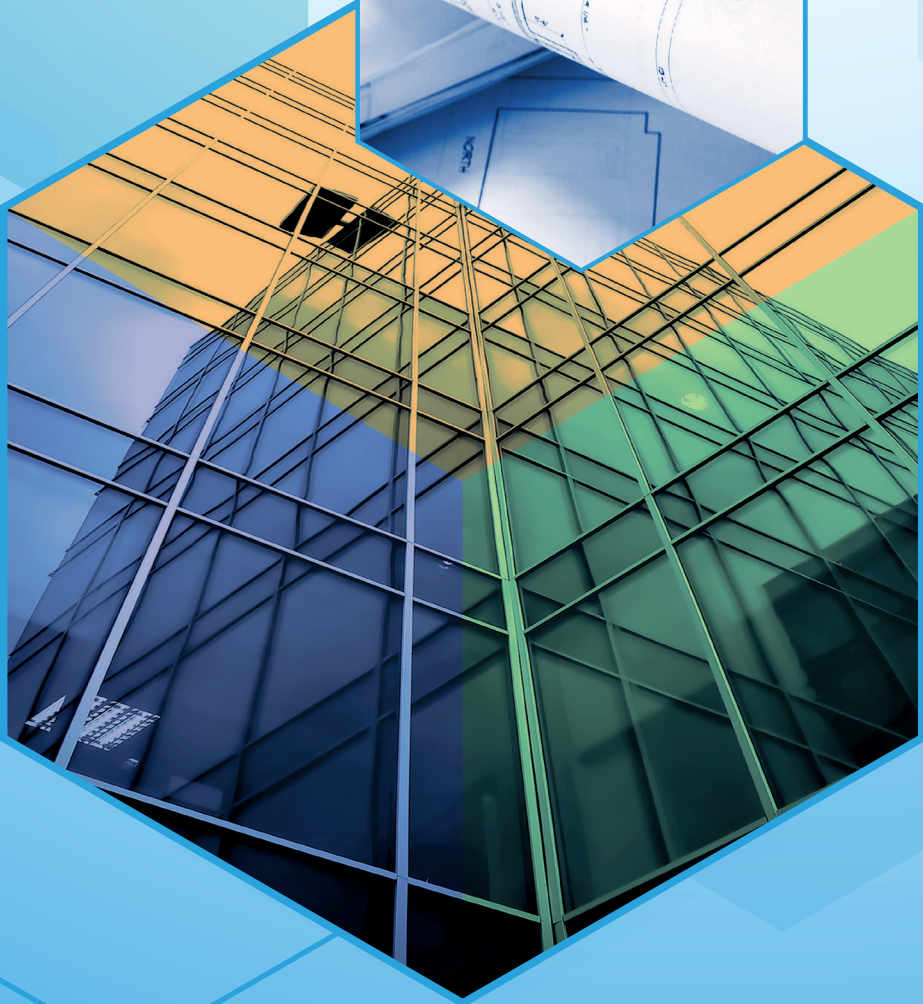
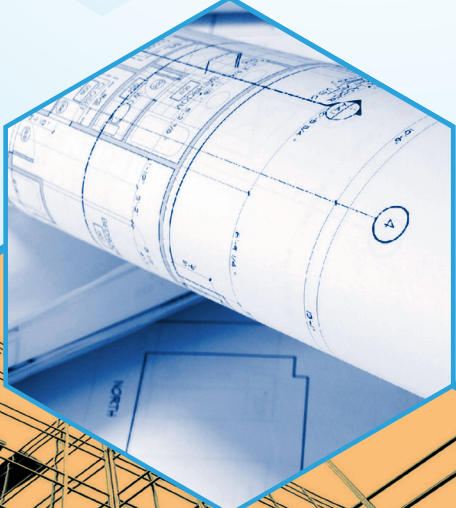


Vision Fame International Holding Limited

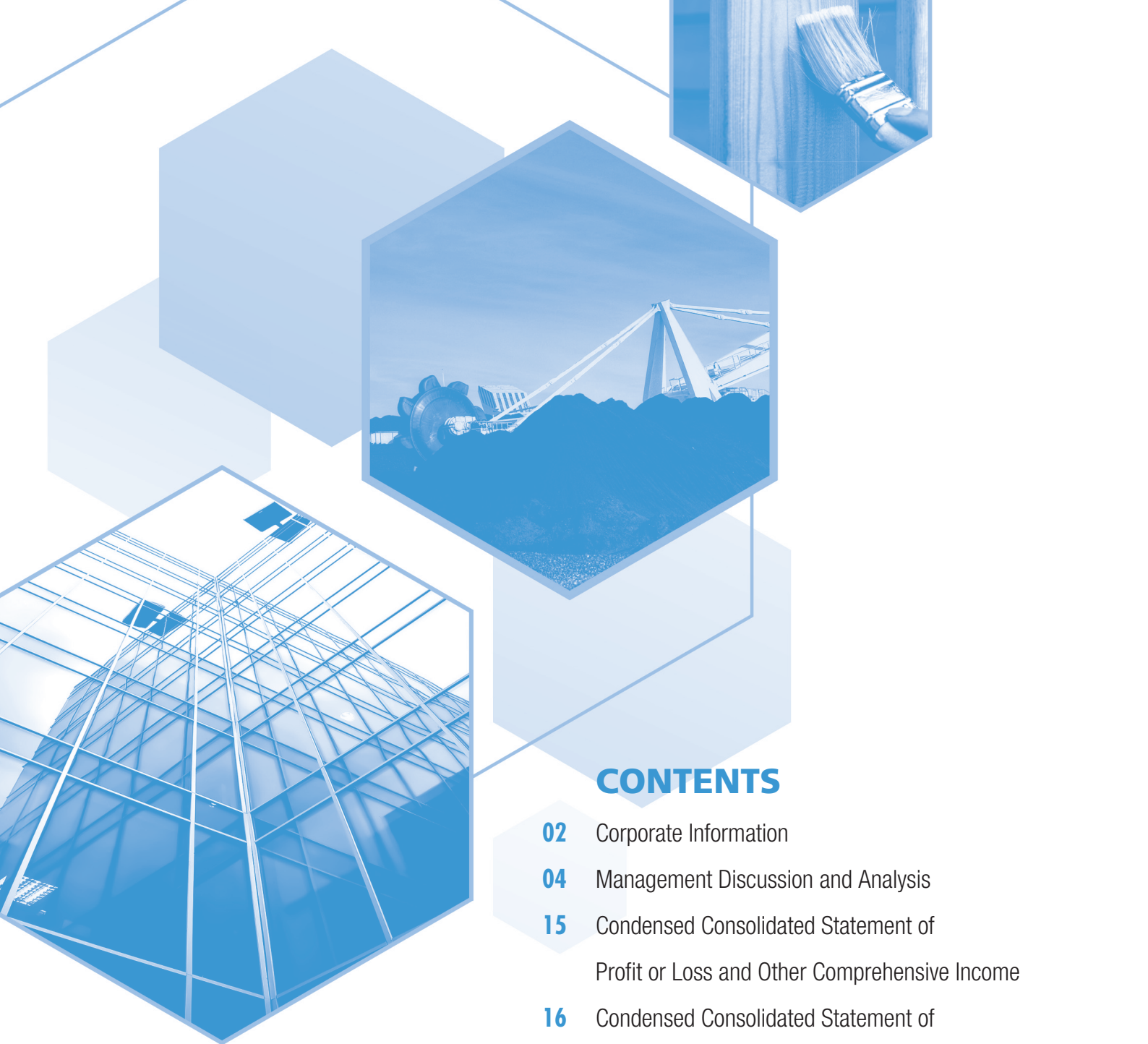
允升國際控股有限公司

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



2018
INTERIM
REPORT





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Corporate Information

EXECUTIVE DIRECTORS

Chau Chit (*Chairman and Chief Executive Officer*)
(*re-designated as the Chairman and ceased to act as the Co-Chairman on 7 September 2018*)
Dai Jialong (*Co-Chairman*) (*resigned on 7 September 2018*)
Xie Xiaotao
Zhu Xiaodong (*appointed on 2 September 2019*)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Tam Tak Kei Raymond
Wong Kai Tung Simon
Wong Wai Kwan

COMPANY SECRETARY

Cheung Yiu Kuen (*appointed on 6 July 2018*)
Au-yeung Lok Man (*resigned on 6 July 2018*)

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Wong Kai Tung Simon (*Chairman*)
Chau Chit
Dai Jialong (*resigned on 7 September 2018*)
Tam Tak Kei Raymond
Wong Wai Kwan
Xie Xiaotao

NOMINATION COMMITTEE

Chau Chit (*Chairman*)
Dai Jialong (*resigned on 7 September 2018*)
Tam Tak Kei Raymond
Wong Kai Tung Simon
Wong Wai Kwan
Xie Xiaotao

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2001&10, 20/F, No. 118 Connaught Road West,
Hong Kong

AUDITOR

Ernst & Young

Corporate Information (Continued)

PRINCIPAL BANKERS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
(Previously known as "Esteria Trust (Cayman) Limited")
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

COMPANY WEBSITE

www.visionfame.com

Management Discussion and Analysis

(1) INTERIM RESULTS

For the half year ended 30 September 2018 (the "Period"), the Group recorded a turnover of approximately HK\$602,126,000, representing an approximately 17% increase as compared to approximately HK\$516,292,000 of the same period in 2017 (the "Prior Interim Period").

The Group recorded a gross profit of approximately HK\$33,685,000 (Prior Interim Period: approximately HK\$24,620,000) for the Period, representing an approximately 37% increase as compared to the Prior Interim Period.

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

The loss attributable to owners of the Company for the Period was approximately HK\$108,992,000 as compared to the loss of approximately HK\$13,553,000 in Prior Interim Period. The increase in loss was mainly attributable to the recognition of impairment loss on property, plant and equipment of approximately HK\$32,874,000 and impairment loss on trade receivables of approximately HK\$62,478,000.

Basic loss per share for the Period was approximately HK1.82 cent (Prior Interim Period: approximately HK0.23 cent).

(2) REVIEW OF OPERATIONS

(i) Building Construction and Other Construction Related Business

Revenue for the building construction segment for the Period was approximately HK\$128,744,000 (Prior Interim Period: approximately HK\$106,234,000).

The increase in segment revenue was in line with the increase in number of building construction projects in progress during the Period. The average contract sum of building construction projects in progress for the Period was amounted to approximately HK\$970 million (Prior Interim Period: approximately HK\$705 million).

On the contrary, segment profit decreased from the Prior Interim Period approximately HK\$12,405,000 to approximately HK\$11,155,000 in the Period. The decrease in the segment profit was mainly attributable to the recovery of considerable amounts of variation orders from a large scale building construction project in the Prior Interim Period and a full swing operation of a large scale building construction project in Singapore in the Prior Interim Period that had contributed more segment profit in the Prior Interim Period.

Management Discussion and Analysis (Continued)

(2) REVIEW OF OPERATIONS (Continued)

(ii) Property Maintenance

Revenue for the property maintenance segment for the Period was approximately HK\$250,861,000 (Prior Interim Period: approximately HK\$144,056,000) and segment profit was approximately HK\$21,669,000 (Prior Interim Period: approximately HK\$4,098,000).

The property maintenance projects mainly included maintenance works for public sectors. Similar to building construction segment, the increase in segment revenue was in line with the increase in number of property maintenance projects in progress during the Period. The average contract sum of property maintenance projects in progress for the Period was amounted to approximately HK\$2,097 million (Prior Interim Period: approximately HK\$1,959 million).

The increase in both segment revenue and segment profit was mainly attributable to two large scale long term property maintenance contracts, with total contract value of approximately HK\$1,054 million, were in full swing in the Period. The two large scale long term property maintenance contracts had contributed approximately 59% of segment revenue during the Period.

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

Revenue for the A&A works segment for the Period was approximately HK\$222,473,000 (Prior Interim Period: approximately HK\$135,272,000) and segment profit was approximately HK\$3,851,000 (Prior Interim Period: approximately HK\$9,778,000).

The increase in the segment revenue from A&A works was mainly attributable to the recognition of more revenue from a large scale project secured in early 2018 in Hong Kong which was in full swing operation in the Period.

On the contrary, decline in segment profit was mainly attributable to additional construction costs for completion of a large scale project in the Period.

(iv) Graphene Production and Trading of materials

Revenue for this segment of the Period included sales of graphene of approximately HK\$48,000 (Prior Interim Period: approximately HK\$115,000) and sales of materials of approximately HK\$ Nil (Prior Interim Period: approximately HK\$130,615,000).

The sales of graphene for the Period and Prior interim Period represented sales to research institutes and manufacturers in the nanometer-scaled/metals material industry for application test purposes. For the trading of materials business, the Group mainly sold titanium dioxide, which was widely used in pigment, sunscreen and food coloring.

Segment loss was approximately HK\$100,935,000 (Prior Interim Period: approximately HK\$3,715,000), which was mainly attributable to the recognition of impairment loss on property, plant and equipment of approximately HK\$32,875,000 and impairment loss on trade receivables of approximately HK\$62,478,000.

Management Discussion and Analysis (Continued)

(2) REVIEW OF OPERATIONS (Continued)

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

After the resignation of the Company's former executive director, Mr. Dai Jialong ("Mr. Dai") on 7 September 2018, and the revelation of the pledge of bank deposit of RMB100 million of Wuxi Taike Nano New Material Co. Ltd ("Wuxi Taike")* (無錫泰科納米新材料有限公司), a wholly foreign-owned subsidiary of the Company in the People's Republic of China, without the acknowledgement and authorization of the Board, in favor of a company controlled by Mr. Dai, the Company's attention and efforts were drawn to the relevant investigation, and the release of the deposit pledge.

The deposit pledge in the sum of RMB100 million was subsequently released on 23 August 2019 and Wuxi Taike, which had been the principal subsidiary for carrying out the graphene production business, was disposed to an independent third party on 20 January 2020 and the transaction was completed on 28 February 2020.

Further details should be referred to (i) the announcements of the Company dated 16, 19 and 30 November 2018, 24 January 2019 and 23 August 2019 in relation to the pledge of bank deposit of Wuxi Taike in the sum of RMB100 million under the Deposit Pledge Contracts to guarantee the indebtedness of Jiangyin Youjia for the Opening Bank Acceptance Bill Contracts entered into between Jiangyin Youjia and the Pledgee Bank, (ii) the announcement of the Company dated 9 January 2019 in relation to the conditions for the resumption of trading in the shares of the Company ("Resumption Conditions"), (iii) the announcements of the Company dated 8 March 2019, 6 and 13 June 2019, 3 September 2019, 3 December 2019 and 6 March 2020 relation to the update on progress of the Resumption Conditions, (iv) the announcement of the Company dated 6 January 2020 in relation to the preliminary unaudited consolidated financial information of the Group for the year ended 31 March 2019, and (v) the announcements of the Company dated 20 and 22 January 2020 in relation to the disposal of the Target Company by the Group to an third party (together, the "Prior Announcements"). Further details of the transactions undertaken are included in the section of "Connected Transactions" below.

The Company has appointed Mr. Zhu Xiaodong as executive director on 2 September 2019 and the Group would explore and strive to diversify its trading businesses in 2020.

(3) PROSPECTS

Building construction, property maintenance and A&A works

The Hong Kong construction market recorded a decline in 2019. The outbreak of the coronavirus has made the already bad situation worse. The building industry, particularly the private sector, would remain in recession in 2020. To overcome this downturn the Group will control its operating costs within desirable levels and we also actively secure further business opportunities to keep the Group moving forward.

Management Discussion and Analysis (Continued)

(3) PROSPECTS (Continued)

Building construction, property maintenance and A&A works (Continued)

For the past couple of months, the entire world has been battling with the coronavirus which has disrupted supply chains and manpower flow in Singapore. There are several challenges faced and the Group in Singapore has developed preventive action plan and business continuity plan to deal with the situation. The action plan which includes health declaration and temperature taking has been implemented company-wide at every project site as well as the headquarters. For business continuity, the Group is actively sourcing for alternative material supplies, managing its manpower resources and limiting risk exposure by setting up emergency protocol. The Group is staying agile and observing both Singapore and global developments closely, and adapting itself to the situation accordingly.

Graphene production and trading of material business

After the resignation of the Company's former executive director, Mr. Dai Jialong ("Mr. Dai") on 7 September 2018, and the revelation of the pledge of bank deposit of RMB100 million of Wuxi Taike Nano New Material Co. Ltd ("Wuxi Taike")* (無錫泰科納米新材料有限公司), a wholly foreign-owned subsidiary of the Company in the People's Republic of China, without the acknowledgement and authorization of the Board, in favor of a company controlled by Mr. Dai, the Company's attention and efforts were drawn to the relevant investigation, and the release of the deposit pledge.

The deposit pledge in the sum of RMB100 million was subsequently released on 23 August 2019 and Wuxi Taike, which had been the principal subsidiary for carrying out the graphene production business, was disposed to an independent third party on 20 January 2020 and the transaction was completed on 28 February 2020.

Further details should be referred to (i) the announcements of the Company dated 16, 19 and 30 November 2018, 24 January 2019 and 23 August 2019 in relation to the pledge of bank deposit of Wuxi Taike in the sum of RMB100 million under the Deposit Pledge Contracts to guarantee the indebtedness of Jiangyin Youjia for the Opening Bank Acceptance Bill Contracts entered into between Jiangyin Youjia and the Pledgee Bank, (ii) the announcement of the Company dated 9 January 2019 in relation to the conditions for the resumption of trading in the shares of the Company ("Resumption Conditions"), (iii) the announcements of the Company dated 8 March 2019, 6 and 13 June 2019, 3 September 2019, 3 December 2019 and 6 March 2020 relation to the update on progress of the Resumption Conditions, (iv) the announcement of the Company dated 6 January 2020 in relation to the preliminary unaudited consolidated financial information of the Group for the year ended 31 March 2019, and (v) the announcements of the Company dated 20 and 22 January 2020 in relation to the disposal of the Target Company by the Group to an third party (together, the "Prior Announcements").

The Company has appointed Mr. Zhu Xiaodong as executive director on 2 September 2019 and the Group would explore and strive to diversify its trading businesses in 2020.

Management Discussion and Analysis (Continued)

(4) MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Wuxi Taike, which had been the principal subsidiary for carrying out the graphene production business, was disposed to an independent third party on 20 January 2020 and the transaction was completed on 28 February 2020. Details could be referred to the “Prospects” section of this interim report.

Except for the above disclosed, there was no material acquisition or disposal of subsidiaries or associated companies by the Group during the Period.

(5) LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy financial position. As at 30 September 2018, the current assets and current liabilities were stated at approximately HK\$767.0 million (as at 31 March 2018: approximately HK\$718.9 million) and approximately HK\$388.5 million (as at 31 March 2018: approximately HK\$263.7 million), respectively. The current ratio decreased from 2.73 times as at 31 March 2018 to 1.97 times as at 30 September 2018. The current ratio is calculated by dividing current assets with current liabilities as at the end of the respective periods.

As at 30 September 2018, the Group had total cash and bank deposits of approximately HK\$230.9 million (as at 31 March 2018: approximately HK\$303.3 million).

As at 30 September 2018, total interest-bearing loans and zero-coupon convertible bond amounted to approximately HK\$248.0 million (31 March 2018: approximately HK\$273.3 million) and approximately HK\$ 17.5 million (31 March 2018: approximately HK\$16.4 million) respectively.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. As at 30 September 2018, the Group had obtained credit facilities from various banks and financial institutions up to a maximum amount of approximately HK\$233 million (31 March 2018: approximately HK\$162 million) and approximately HK\$24.5 million (31 March 2018: approximately HK\$34.8 million) of the credit facilities has been utilized.

As at 30 September 2018, the gearing ratio of the Group was approximately 29.8% (as at 31 March 2018: approximately 32.6%). The gearing ratio is calculated by dividing total interest-bearing borrowings with total assets as at the reporting date multiplied by 100%.

(6) 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.

Management Discussion and Analysis (Continued)

(6) FOREIGN EXCHANGE AND INTEREST RATE RISK (Continued)

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

(7) PLEDGE OF ASSETS

Details of the Group's assets that are pledged to secure banking borrowings and performance bonds facilities granted to the Group, as well as to secure the bank facilities of a related party, are set out in note 19 to the condensed consolidated financial statements.

(8) CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group's significant capital commitments and contingent liabilities as at 30 September 2018 are set out in note 18 and note 20 to the condensed consolidated financial statements respectively.

(9) EVENT AFTER THE REPORTING PERIOD

Details of important event of the Group after reporting period are set out in note 24 of the financial statements.

(10) MOVEMENT OF INCOMPLETE CONTRACTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	31 March 2018 HK\$'000	Contracts Secured HK\$'000	Contracts Completed HK\$'000	30 September 2018 HK\$'000
Building Construction	920,264	219,473	119,800	1,019,937
Property Maintenance	2,139,873	922,125	1,008,344	2,053,654
Alteration, Renovation, Upgrading and Fitting-Out Works	585,895	54,986	262,408	378,473
Total	3,646,032	1,196,584	1,390,552	3,452,064

Management Discussion and Analysis (Continued)

(10) MOVEMENT OF INCOMPLETE CONTRACTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018 (Continued)

Building Construction segment

Contracts secured for the six months ended 30 September 2018

Contracts	Commencement date	Contract value HK\$'000
Design, supply & install of covered linkway of Land Transport Authority of Singapore	August 2018	219,473
Total		219,473

Property Maintenance segment

Contracts secured for the six months ended 30 September 2018

Contract	Commencement date	Contract value HK\$'000
Term contract for minor works 2018 for Kowloon East and Kowloon Central Clusters, Hospital Authority, Hong Kong	June 2018	915,039
Renovation works of VP office, lift lobby and automated swing door for disabilities usage at Marina Bay Sands, Singapore	April 2018	494
Wall protection for Grande Theatre, wardrobe rooms, dressing room at Marina Bay Sands, Singapore	April 2018	455
Alterations and addition works security outdoor canopy at Marina Bay Sands, Singapore	April 2018	2,699
Renovation of the shop houses from unit 227 to 231 South Bridge Road, Singapore	May 2018	2,930
Safety enhancement works to Bin Centre at the Development, Singapore	September 2018	508
Total		922,125

Management Discussion and Analysis (Continued)

(10) MOVEMENT OF INCOMPLETE CONTRACTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018 (Continued)

Alterations, Renovation, Upgrading and Fitting-Out Works segment

Contracts secured for the six months ended 30 September 2018

Contract	Commencement date	Contract value HK\$'000
Alterations & additions works for toilets and drainage diversion of the University Student Halls of Residence, Hong Kong Polytechnic University, Hong Kong	April 2018	5,239
Design and construction of Visitor Centre for Organic Resources Recovery Centre, Hong Kong	May 2018	13,819
Fire services and improvement direction for Block A of Caritas House at Canine Road, Hong Kong	August 2018	16,321
Alteration & fitting-out works for setting up 4 nursing laboratories at SCE Tower, Hong Kong Baptist University, Hong Kong	July 2018	6,532
Renovation works of Endoscopy Unit at OPD Block, Our Lady of Maryknoll Hospital, Hong Kong	August 2018	8,925
Repartition of shops at Smartland at Tsuen Wan Road, Hong Kong	September 2018	4,150
Total		54,986

Management Discussion and Analysis (Continued)

(10) MOVEMENT OF INCOMPLETE CONTRACTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018 (Continued)

Building Construction segment

Contract completed for the six months ended 30 September 2018

Contract	Commencement date	Completion date	Contract value HK\$'000
Revitalization of Haw Par Mansion, Hong Kong	June 2016	June 2018	119,800
Total			119,800

Property Maintenance segment

Contracts completed for the six months ended 30 September 2018

Contracts	Commencement date	Completion date	Contract value HK\$'000
Term contract for the maintenance of slopes for Kowloon and Lantau Island, Hong Kong	April 2013	April 2018	280,912
Term contract for minor works 2015 for Kowloon East and Kowloon Central Cluster, Hospital Authority Hong Kong	June 2015	September 2018	726,483
Wall protection for Grande Theatre, wardrobe rooms, dressing room at Marina Bay Sands, Singapore	April 2018	June 2018	455
Renovation works of VP office, lift lobby and automated swing door for disabilities usage at Marina Bay Sands, Singapore	April 2018	September 2018	494
Total			1,008,344

Management Discussion and Analysis (Continued)

(10) MOVEMENT OF INCOMPLETE CONTRACTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018 (Continued)

Alterations, Renovation, Upgrading and Fitting-Out Works segment

Contracts completed for the six months ended 30 September 2018

Contracts	Commencement date	Completion date	Contract value HK\$'000
Public toilet fit-out works for West Kowloon Terminus MTR, Hong Kong	September 2013	April 2018	53,100
Renovation and repair works at Grand Garden (Phase 2) at South Bay Road, Hong Kong	March 2016	September 2018	126,421
Retail expansion of G/F to 1/F Ocean Centre, Kowloon, Hong Kong	March 2017	April 2018	6,288
Main contract for asset enhancement works at Sam Shing Commercial Centre, Hong Kong	June 2017	April 2018	24,480
Main contract for renovation works at Hin Keng Shopping Centre, Hong Kong	August 2017	April 2018	26,648
Fit-out works for airport staff resting lounges and relaxation corner in Terminal 1, Hong Kong International Airport, Hong Kong	July 2017	April 2018	3,786
Rectification works for houses at Tuen Mun, N.T., Hong Kong	January 2018	April 2018	3,980
Design and build contract for alteration and addition works for Hung Hom Bay Campus and West Kowloon Campus, Hong Kong	March 2018	August 2018	4,773
Relocation of facilities from Kowloon Station Concourse to Elements, Hong Kong	March 2018	May 2018	1,161
Alteration & addition cum fitting out works contract for the University Student Halls of Residence, Hong Kong	April 2018	August 2018	5,239
Alteration & fitting-out works for setting up 4 nursing laboratories at SCE Tower, Hong Kong Baptist University, Hong Kong	July 2018	September 2018	6,532
Total			262,408

Management Discussion and Analysis (Continued)

(11) EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2018, the Group employed a total of 264 staff (as at 30 September 2017: 261 staff) which included Hong Kong, Singapore, the People's Republic of China and Macau employees. The total remuneration for staff was approximately HK\$44.3 million for the Period (Prior Interim Period: approximately HK\$36 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.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2018

	Notes	Six months ended 30 September 2018 HK\$'000 (Unaudited)	Six months ended 30 September 2017 HK\$'000 (Unaudited)
REVENUE	3	602,126	516,292
Cost of sales		(568,441)	(491,672)
Gross profit		33,685	24,620
Other income and gains		9,304	5,435
Administrative expenses		(39,257)	(31,380)
Research and development costs		(5,863)	(4,015)
Other operating losses		(97,527)	(4,486)
Finance costs	4	(6,142)	(1,986)
LOSS BEFORE TAX	5	(105,800)	(11,812)
Income tax expense	6	(3,192)	(1,741)
LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		(108,992)	(13,553)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Changes in fair value		—	(1,521)
Exchange differences:			
Reclassification adjustment for deregistration of foreign operations during the period		(896)	—
Exchange differences on translation of foreign operations		(23,034)	13,887
		(23,930)	13,887
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		(23,930)	12,366
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX		(23,930)	12,366
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		(132,922)	(1,187)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	7		
— Basic and diluted (HK cents)		(1.82)	(0.23)

Condensed Consolidated Statement of Financial Position

30 September 2018

	<i>Notes</i>	30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	63,371	100,401
Available-for-sale investments		—	3,530
Prepayments, deposits and other receivables		2,095	14,842
Total non-current assets		65,466	118,773
CURRENT ASSETS			
Inventories		338	345
Gross amount due from contract customers		—	9,741
Trade receivables	10	177,800	295,413
Contract assets		232,784	—
Prepayments, deposits and other receivables		91,003	89,955
Debt investments at fair value through other comprehensive income		20,033	—
Financial assets at fair value through profit or loss	11	14,079	—
Available-for-sale investments		—	20,033
Tax recoverable		106	125
Pledged bank deposits and restricted cash	12	171,566	57,651
Cash and cash equivalents	12	59,319	245,619
Total current assets		767,028	718,882
CURRENT LIABILITIES			
Gross amount due to contract customers		—	12,267
Trade payables	13	239,499	195,676
Other payables and accruals		135,371	22,512
Amounts due to related parties	21(b)	2,369	39
A loan from a related party	21(b)	5,033	20,559
Tax payable		6,260	2,917
Interest-bearing bank and other borrowings	14	—	9,759
Total current liabilities		388,532	263,729
NET CURRENT ASSETS		378,496	455,153
TOTAL ASSETS LESS CURRENT LIABILITIES		443,962	573,926

Condensed Consolidated Statement of Financial Position (Continued)

30 September 2018

	<i>Notes</i>	30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
NON-CURRENT LIABILITIES			
Convertible bond	15	17,521	16,383
Loans from a related party	21(b)	243,009	243,009
Other payables and accruals		487	487
Total non-current liabilities		261,017	259,879
Net assets		182,945	314,047
EQUITY			
Equity attributable to owners of the parent			
Issued capital	16	12,000	12,000
Equity component of convertible bond	15	11,746	11,746
Other reserves		159,199	290,301
Total equity		182,945	314,047

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2018

	Issued capital	Share premium account (note i)	Equity component of convertible bonds	Exchange reserve	Capital reserve (note ii)	Legal reserve (note iii)	Available-for-sale investments revaluation reserve	Other reserve (note iv)	Retained profits/(accumulated losses)	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2017 (Audited)	12,000	300,824	11,746	(14,980)	3,642	12	2,007	22,000	(32,589)	304,662
Loss for the period	—	—	—	—	—	—	—	—	(13,553)	(13,553)
Other comprehensive income/(loss) for the period:										
Change in fair value of available-for-sale investments, net of tax	—	—	—	—	—	—	(1,521)	—	—	(1,521)
Exchange differences related to foreign operations	—	—	—	13,887	—	—	—	—	—	13,887
Total comprehensive income/(loss) for the period	—	—	—	13,887	—	—	(1,521)	—	(13,553)	(1,187)
At 30 September 2017 (unaudited)	12,000	300,824*	11,746	(1,093)*	3,642*	12*	486*	22,000*	(46,142)*	303,475
At 1 April 2018 (Audited)	12,000	300,824	11,746	18,784	3,642	12	—	22,000	(54,961)	314,047
Adjustment of adoption of HKFRS 15, net of tax:	—	—	—	21	—	—	—	—	1,799	1,820
Restated balance at 1 April 2018	12,000	300,824	11,746	18,805	3,642	12	—	22,000	(53,162)	315,867
Loss for the period	—	—	—	—	—	—	—	—	(108,992)	(108,992)
Other comprehensive loss for the period:										
Reclassification adjustments for foreign operations deregistered during the year	—	—	—	(896)	—	—	—	—	—	(896)
Exchange differences related to foreign operations	—	—	—	(23,034)	—	—	—	—	—	(23,034)
Total comprehensive loss for the period	—	—	—	(23,930)	—	—	—	—	(108,992)	(132,922)
At 30 September 2018 (unaudited)	12,000	300,824*	11,746	(5,125)*	3,642*	12*	—*	22,000*	(162,154)*	182,945

* These reserve accounts comprise the consolidated other reserves of HK\$159,199,000 (30 September 2017: HK\$279,729,000) in the condensed consolidated statement of financial position as at 30 September 2018.

Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 September 2018

Notes:

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2018

	Six months ended 30 September 2018 HK\$'000 (Unaudited)	Six months ended 30 September 2017 HK\$'000 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(29,082)	(161,146)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in an available-for-sale investment	—	(20,105)
Additions to property, plant and equipment	(31,715)	(30,390)
Interest received	871	1,671
Increase in pledged bank deposits	(111,251)	(37,293)
Decrease/(increase) in non-pledged time deposits with original maturity of over three months when acquired	137,112	(25,046)
Proceeds from disposal of property, plant and equipment	—	512
Proceeds from disposal of an available-for-sale investment	—	14,099
Proceeds from disposal of subsidiaries	26,971	—
Net cash from/(used in) investing activities	21,988	(96,552)
CASH FLOWS FROM FINANCING ACTIVITIES		
Movement in balances with related parties	(18,009)	(6,019)
Repayment of bank and other borrowings	(9,482)	(826)
Interest paid	(39)	(15)
New bank borrowings	—	9,120
Net cash from/(used in) financing activities	(27,530)	2,260
NET DECREASE IN CASH AND CASH EQUIVALENTS	(34,624)	(255,438)
Cash and cash equivalents at beginning of the period	102,276	323,456
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(8,333)	13,910
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	59,319	81,928
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents stated in condensed consolidated statement of financial position	59,319	222,781
Restricted cash with original maturity of less than three months when acquired, restricted for banking facilities	—	346
Non-pledged time deposits with original maturity of over three months when acquired	—	(141,199)
Cash and cash equivalents as stated in condensed consolidated statement of cash flows	59,319	81,928

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2018

1. CORPORATE AND GROUP INFORMATION

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

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

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

2.1 BASIS OF PREPARATION

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

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2018.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies and methods of computation used in preparing the unaudited condensed consolidated financial statements for the six months ended 30 September 2018 are consistent with those used in the audited consolidated financial statements of the Group for the year ended 31 March 2019, except as described below:

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for annual period beginning on or after 1 April 2018 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 9	<i>Financial Instruments</i>
HKFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i>
HK(IFRIC)Int 22	<i>Foreign Currency Transactions and Advance Consideration</i>
Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i>
Amendments to HKAS 40	<i>Transfers of Investment Property</i>
<i>Annual Improvements 2014–2016 Cycle</i>	<i>Amendments to HKFRS 1 and HKAS 28</i>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2018

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

The Group has been impacted by HKFRS 9 in relation to classification of financial assets and measurement of credit losses, and impacted by HKFRS 15 in relation to timing of revenue recognition, capitalisation of contract costs, and presentation of contract assets.

HKFRS 9 Financial Instruments

(i) **Classification and measurement**

HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 April 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

Classification and measurement

The following information sets out the impacts of adopting HKFRS 9 on the statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("ECLs").

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2018

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

HKFRS 9 *Financial Instruments* (Continued)

(i) Classification and measurement (Continued) *Classification and measurement (Continued)*

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 April 2018 is as follows:

	Notes	HKAS 39 measurement		Re-classification	HKFRS 9 measurement	
		Category	Amount HK\$'000		Amount HK\$'000	Category
Financial assets						
Available-for-sale investments		AFS ¹	23,563	(23,563)	—	N/A
To: Financial assets at fair value through profit or loss	(i), (ii)			(3,530)		
To: Debt investments at fair value through other comprehensive income	(iii)			(20,033)		
Debt investments at fair value through other comprehensive income		N/A	—	20,033	20,033	FVOCI ³ (debt)
From: Available-for-sale investments	(iii)			20,033		
Trade receivables	(iv)	L&R ⁴	96,297	—	96,297	AC ⁵
Financial assets included in prepayments, deposits and other receivables		L&R	58,616	(11,320)	47,296	AC
Financial assets at fair value through profit or loss		N/A	—	14,850	14,850	FVPL
From: Financial assets included in prepayment, deposits and other receivables	(v)			11,320		
Available-for-sale investment	(i), (ii)			3,530		
Pledged deposits		L&R	57,651	—	57,651	AC
Cash and cash equivalents		L&R	245,619	—	245,619	AC
			303,270	—	303,270	
Other assets						
Contract assets	(iv)		222,666	—	222,666	
Total assets			837,655	—	733,226	

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2018

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

HKFRS 9 *Financial Instruments* (Continued)

(i) Classification and measurement (Continued) *Classification and measurement (Continued)*

	Notes	HKAS 39 measurement		Re-classification HK\$'000	HKFRS 9 measurement	
		Category	Amount HK\$'000		Amount HK\$'000	Category
Financial liabilities						
Trade payables		AC	195,676	—	195,676	AC
Financial liabilities included in other payables and accruals		AC	13,424	—	13,424	AC
Interest-bearing bank and other borrowings		AC	9,759	—	9,759	AC
Loans from related parties		AC	263,568	—	263,568	AC
Due to related parties		AC	39	—	39	AC
Convertible bond		AC	16,383	—	16,383	AC
			498,849	—	498,849	
Total liabilities			523,608	—	581,943	

¹ AFS: Available-for-sale investments

² FVPL: Financial assets at fair value through profit or loss

³ FVOCI: Financial assets at fair value through other comprehensive income

⁴ L&R: Loans and receivables

⁵ AC: Financial assets or financial liabilities at amortised cost

Notes:

- (i) The Group has classified its listed equity investments of HK\$3,212,000 previously classified as available-for-sale investments as financial assets measured at fair value through profit or loss.
- (ii) As of 1 April 2018, the Group has assessed its listed debt investment of HK\$318,000 which had previously been classified as available-for-sale investment. The Group held the debt investment with trading purpose, accordingly, the Group has classified the investment as debt investment measured at fair value through profit or loss.
- (iii) As of 1 April 2018, the Group has assessed its investment in debt investments which had previously been classified as AFS debt investments. The objective of the Group in holding this investment is to earn interest income and, at the same time, manage everyday liquidity needs. The Group concluded that these debt investments are managed within a business model to collect contractual cash flows and to sell the financial assets. Accordingly, the Group has classified these investments as debt investments measured at fair value through other comprehensive income.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2018

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

HKFRS 9 *Financial Instruments* (Continued)

(i) Classification and measurement (Continued) *Classification and measurement (Continued)*

Notes: (Continued)

- (iv) The gross carrying amounts of the trade receivables and the contract assets under the column “HKAS 39 measurement — Amount” represent the amounts after adjustments for the adoption of HKFRS 15.
- (v) The unlisted investment on a life insurance policy on a key management at 1 April 2018 was reclassified from financial assets at amortised cost to financial assets at fair value through profit or loss. Such investment does not meet the HKFRS 9 criteria for classification at amortised cost and fair value through other comprehensive income because the cash flows do not represent solely payments of principal and interest.

(ii) Impairment of financial assets

The Group has applied the simplified approach to recognise lifetime expected losses that were estimated based on the present value of all cash shortfalls over the remaining life of all accounts receivable and contract assets. The credit losses calculated pursuant to the new requirements are not significantly different from the amount recognised under the current practices. Therefore, the Group considered that no adjustment is necessary as of 1 April 2018.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 April 2018.

The cumulative effect of the initial application of HKFRS 15 was recognised as an adjustment to the opening balance of accumulated losses as at 1 April 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 11, HKAS 18 and related interpretations.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2018

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

HKFRS 15 Revenue from Contracts with Customers (Continued)

Set out below are the amounts by which each financial statement line item was affected as at 1 April 2018 as a result of the adoption of HKFRS 15:

	Increase/ (decrease) HK\$'000
Assets	
Gross amount due from contract customers	(9,741)
Trade receivables	(199,116)
Contract assets	222,666
Tax recoverable	(19)
Total assets	13,790
Liabilities	
Gross amount due to contract customers	(12,267)
Other payables and accruals	114,911
Trade payables	(90,824)
Tax payable	150
Total liabilities	11,970
Equity	
Accumulated losses	1,799
Exchange reserve	21
	1,820

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2018

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

HKFRS 15 *Revenue from Contracts with Customers* (Continued)

Revenue recognition

Revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

Accounting for construction activities

Under HKFRS 15, the Company recognises construction contract revenue over time, as performance obligations are satisfied, due to the continuous transfer of control to the customer. Construction contracts are generally accounted for as a single unit of account (a single performance obligation) and are not segmented between types of services.

Changes to total estimated contract cost or losses, if any, are recognised in the period in which they are determined as assessed at the contract level.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2018

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

HKFRS 15 Revenue from Contracts with Customers (Continued)

The amount by each financial statements line items affected in current period and period to date by the application of HKFRS 15 as compared to HKAS 18 and HKAS 11 that was previously in effect before the adoption of HKFRS 15 is as follows:

Condensed consolidated statement of financial position (extract)	As at 30 September 2018		
	Results without the adoption of HKFRS 15	Effects of the adoption of HKFRS 15	Amounts reported in accordance with HKFRS 15
	HK\$'000	HK\$'000	HK\$'000
Gross amount due from contract customers	10,256	(10,256)	—
Trade receivables	360,199	(182,399)	177,800
Contract assets	—	232,784	232,784
Tax recoverable	125	(19)	106
Gross amount due to contract customers	9,436	(9,436)	—
Other payables and accruals	26,049	109,411	135,460
Trade payables	302,629	(63,130)	239,499
Tax payable	6,311	(51)	6,260
Accumulated losses	281,139	(118,986)	162,153

Condensed consolidated statement of profit or loss (extract)	Six months ended 30 September 2018		
	Results without the adoption of HKFRS 15	Effects of the adoption of HKFRS 15	Amounts reported in accordance with HKFRS 15
	HK\$'000	HK\$'000	HK\$'000
Loss for the period	110,543	(1,551)	108,992

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2018

3. REVENUE AND SEGMENT INFORMATION

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

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

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

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2018

3. REVENUE AND SEGMENT INFORMATION (Continued)

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

	Building construction and other construction related business HK\$'000	Alterations, renovation, upgrading and fitting-out works HK\$'000	Property maintenance HK\$'000	Graphene production and trading of materials HK\$'000	Total HK\$'000
Six months ended 30 September 2018					
Segment revenue					
— external customers	128,744	222,473	250,861	48	602,126
Segment results	11,155	3,851	21,669	(100,935)	(64,260)
Unallocated other income and gain					3,858
Administrative expenses					(39,256)
Finance costs					(6,142)
Loss before tax					(105,800)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2018

3. REVENUE AND SEGMENT INFORMATION (Continued)

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

4. FINANCE COSTS

	Six months ended 30 September 2018 HK\$'000 (Unaudited)	Six months ended 30 September 2017 HK\$'000 (Unaudited)
Interest on:		
Secured bank loans	151	100
Convertible bond	1,139	995
Obligations under finance leases	39	39
Loans from a related party (Note 21(a))	4,813	852
	6,142	1,986

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2018

5. LOSS BEFORE TAX

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

	<i>Note</i>	Six months ended 30 September 2018 HK\$'000 (Unaudited)	Six months ended 30 September 2017 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment*		5,131	5,642
Research and development costs		5,863	4,015
Operating lease rentals in respect of premises		10,079	2,326
Bank interest income		(871)	(1,671)
Interest income from sub-contractors		(4,160)	(2,557)
Gain on disposal of subsidiaries	23	(2,057)	—
Gain on disposal of property, plant and equipment [#]		—	(581)
Foreign exchange difference, net [#]		5	522
Impairment loss on an available-for-sale investment [#]		—	3,383
Impairment loss on property, plant and equipment [#]		32,875	—
Impairment loss on trade receivables [#]		62,478	—

* Amount of approximately HK\$633,000 (2017: HK\$605,000) and HK\$246,000 (2017: HK\$227,000) were included in "research and development costs" and "cost of sales", respectively.

[#] Included in "other operating losses"

6. INCOME TAX

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

	Six months ended 30 September 2018 HK\$'000 (Unaudited)	Six months ended 30 September 2017 HK\$'000 (Unaudited)
Current tax		
— Hong Kong	3,192	1,741

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2018

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

The calculation of the basic loss per share amounts is based on the 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 (2017: 6,000,000,000) in issue during the Period.

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

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

	Six months ended 30 September 2018 HK\$'000	Six months ended 30 September 2017 HK\$'000
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	(108,992)	(13,553)
Interest on a convertible bond	—	995
Loss attributable to ordinary equity holders of the parent before interest on a convertible bond	(108,992)	(12,558)
	Number of shares	Six months ended 30 September 2017
	Six months ended 30 September 2018	Six months ended 30 September 2017
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	6,000,000,000	6,000,000,000
Effect of dilution — weighted average number of ordinary shares: A convertible bond	—	368,572,341
	6,000,000,000*	6,368,572,341*

* No adjustment has been made to the basic loss per share amount presented for the six months ended 30 September 2018 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the period. During the six months ended 30 September 2017, because the diluted loss per share amount is decreased when taking the convertible bond into account, the convertible bond had an anti-dilutive effect on the basic earnings/(loss) per share for the periods and was ignored in the calculation of diluted loss per share. Therefore, the diluted loss per share amount are based on the loss for the period, and the weighted average number of ordinary shares of 6,000,000,000 in issue during the period. The Group had no potentially dilutive ordinary shares in issue during the period ended 30 September 2018.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2018

8. DIVIDEND

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

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group has additions of approximately HK\$12,845,000 (six months ended 30 September 2018: HK\$30,390,000) on property, plant and equipment, mainly including machinery for graphene production use (six months ended 30 September 2017: a property for office use).

10. TRADE RECEIVABLES

	30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
Trade receivables	253,447	253,676
Impairment	(75,647)	(11,000)
	177,800	242,676
Retention monies receivables	—	52,737
	177,800	295,413

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.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2018

10. TRADE RECEIVABLES (Continued)

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

	30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
Within 1 month	165,049	199,470
1 to 3 months	843	1,711
Over 3 months	11,908	41,495
	177,800	242,676

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
Listed equity investments, at fair value	2,273	—
Listed debt investments, at fair value	306	—
Other unlisted investments, at fair value	11,500	—
	14,079	—

The above equity and debt investment at 30 September 2018 were classified as financial assets at fair value through profit or loss as they were held for trading.

The other unlisted investments at 30 September 2018 is a life insurance policy on a key management personnel and it is mandatorily classified as financial asset at fair value through profit or loss as its contractual cash flows are not solely payments of principal and interest. At 30 September 2018, the other unlisted investment with carrying value of HK\$10,839,000 is pledged to secure bank facilities and performance bonds granted to the Group.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2018

12. CASH AND CASH EQUIVALENTS, PLEDGED BANK DEPOSITS AND RESTRICTED CASH

	30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
Cash and bank balances	11,496	42,076
Time deposits at banks	219,389	261,194**
	230,885	303,270
Less: Pledged deposits (<i>note</i>)	(171,566)	(57,305)
Restricted cash for banking facilities	—	(346)
	(171,566)	(57,651)
Cash and cash equivalents	59,319	245,619

At the end of the reporting period, the cash and cash equivalents of the Group denominated in Renminbi ("RMB") amounted to approximately HK\$106,000 (2018: approximately HK\$132,086,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between fourteen days and twelve months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

Note: Included in the pledged deposits were bank deposits of HK\$116,960,000 of Wuxi Taiké Nano New Material Co., Ltd ("Wuxi Taiké"), a subsidiary of the Company, which were pledged under deposit pledge contracts ("Deposit Pledge Contracts") entered into on 23 August 2018 to guarantee the indebtedness of Jiangyin Youjia Pearlescent Mica Co., Ltd ("Jiangyin Youjia"), which is established in the PRC and in which Mr. Dei Jialong, a then executive director and substantial shareholder of the Group, was the legal representative, for the period from 17 August 2018 to 17 August 2019. The board of directors did not approve or was not informed of the Deposit Pledge Contracts entered into by Wuxi Taiké. Further details of the Deposit Pledge Contracts were set out in the Company's announcement dated 16 November 2018. On 23 August 2019, the Deposit Pledge Contracts expired and the sum of RMB100 million (equivalent to HK\$117.23 million) were released on the same day.

** As detailed in the Company's announcement dated 13 March 2020, during the forensic review conducted by a professional firm appointed by the Company, it was noted that four deposit pledge contracts (the "2018 Pledged Contracts") were entered into between Wuxi Taiké and a bank in the People's Republic of China, for the indebtedness of Jiangyin Youjia, of which two were dated August 2016 totalling RMB107 million for a period of 1 year and two others were dated August 2017 totalling RMB105.4 million (equivalent to HK\$126.8 million) for a period of 1 year and, all of which had expired. In the opinion of the directors, based on the legal advices from a lawyer, consider that the 2018 Pledged Contracts were not legally enforceable and could be revoked at the court should Wuxi Taiké take legal action against any claims under the 2018 Pledged Contracts, the time deposits of HK\$126.8 million were classified as cash and cash equivalents in the consolidated statement of financial position of the Group.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2018

13. TRADE PAYABLES

	30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
Trade payables	185,327	129,409
Retention monies payables	54,172	66,267
	239,499	195,676

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

	30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
Within 1 month	181,996	121,026
1 month to 3 months	201	2,859
Over 3 months	3,130	5,524
	185,327	129,409

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2018

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
Current		
Long-term bank loan repayable on demand, secured (<i>Note</i>)	—	8,785
Finance lease payable	—	974
	—	9,759
Analysed into:		
Bank loan repayable:		
Within one year or on demand (<i>Note</i>)	—	8,785
Other borrowing repayable:		
Within one year	—	974
	—	9,759

Note: The Group's bank loan in the amount of approximately HK\$8,785,000 containing an on-demand clause has been reclassified as a current liability as at 31 March 2018. For the purposes of the above analysis, the loan is included within current interest-bearing bank and other borrowings and analysed into bank loan repayable within one year or on demand.

Based on the maturity terms of the loan, the amounts repayable in respect of the loan are: within one year of approximately HK\$373,000; in the second year of approximately HK\$381,000; in the third to fifth years, inclusive, of approximately HK\$1,197,000; and beyond five years of approximately HK\$6,834,000 as at 31 March 2018.

The Group's bank loan was fully repaid during the period.

- (a) The Group's bank loan was secured by mortgages over certain of the Group's leasehold land and buildings, which had an aggregate net carrying value at 31 March 2018 of approximately HK\$24,790,000.
- (b) Except for the finance lease payable which is denominated in Singapore dollars, all borrowings are in Hong Kong dollars.
- (c) The average effective interest rate of the Group's bank loan was 2.25% (31 March 2018: 2.25%).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2018

15. CONVERTIBLE BOND

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

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

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

	30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
Nominal value		
At 1 April 2017, 31 March 2018, 1 April 2018 and 30 September 2018	24,000	24,000
Liability component		
At 1 April	16,383	14,323
Interest expense	1,138	2,060
At period/year end	17,521	16,383
Equity component		
At 1 April 2017, 31 March 2018, 1 April 2018 and 30 September 2018	11,746	11,746

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2018

16. SHARE CAPITAL

	30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
Authorised:		
10,000,000,000 ordinary shares of HK\$0.002 each (31 March 2018: 10,000,000,000 ordinary shares of HK\$0.002 each)	20,000	20,000
Issued and fully paid:		
6,000,000,000 ordinary shares of HK\$0.002 each (31 March 2018: 6,000,000,000 ordinary shares of HK\$0.002 each)	12,000	12,000

17. OPERATING LEASE COMMITMENTS

As lessee

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

As at 30 September 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
Within one year	2,340	2,306
In the second to fifth years, inclusive	425	471
	2,765	2,777

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2018

18. COMMITMENTS

In addition to the operating lease commitments detailed in note 17 above, the Group had the following capital commitments at the end of the reporting period:

	30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
Contracted, but not provided for:		
Plant and machinery	47,202	34,649

19. PLEDGE OF ASSETS

At the end of the reporting period, the Group's benefits under certain construction contracts and the following assets are pledged to banks and insurance companies to secure the bank borrowings and performance bond facilities to the extent of approximately HK\$137,000,000 (31 March 2018: approximately HK\$137,000,000 in aggregate granted to the Group):

	30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
Property, plant and equipment	—	24,790
Trade receivables	—	10,283
Other receivables	10,839	21,793
Available-for-sale investments	—	20,033
Debt investments at fair value through other comprehensive income	20,033	—
Financial asset at fair value through profit and loss	11,500	—
Bank deposits and restricted cash	171,566	57,651
	213,938	134,550

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2018

20. CONTINGENT LIABILITIES

Performance bonds amounting to approximately HK\$130,509,000 (31 March 2018: approximately HK\$116,298,000) were given by banks or insurance companies in favour of some of the Group's customers as security for the due performance and observance of the Group's obligations under the construction contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the banks or insurance companies to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks or insurance companies accordingly. The performance bonds will be released upon completion of the contract works for the relevant customers.

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

21. RELATED PARTY TRANSACTIONS

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

	Note	Six months ended 30 September 2018 HK\$'000 (Unaudited)	Six months ended 30 September 2017 HK\$'000 (Unaudited)
Interest expense paid to a director of certain subsidiaries of the Company	(i)	4,813	852

Note:

- (i) The interest expense was loan interest charged on loans from Mr. Wong Law Fai, a director of certain subsidiaries of the Company, pursuant to a loan agreement dated 1 December 2013. The amounts due to and loans from a related party are detailed in note 21(b) below.

(b) Outstanding balances with related parties:

The loans from a related party were advanced by Mr. Wong Law Fai, a director of certain subsidiaries of the Company. The amounts comprise (i) loans of approximately HK\$243,009,000 which are unsecured and bear interest at 3.8% per annum and repayable in June 2019 as extended by Mr. Wong Law Fai (31 March 2018: loans of approximately HK\$243,009,000 were unsecured and bore interest at 3.8% per annum and were repayable in June 2019); and (ii) loan of approximately HK\$5,033,000 (31 March 2018: HK\$20,559,000) which is unsecured, bears interest at 3.8% and is repayable on demand.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2018

21. RELATED PARTY TRANSACTIONS (Continued)

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

The amounts due to a related party of approximately HK\$2,369,000 (31 March 2018: approximately HK\$39,000) was advanced by Mr. Wong Law Fai, director of certain subsidiaries of the Company, respectively. They are unsecured, interest-free and repayable on demand.

(c) Compensation of key management personnel

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

	30 September 2018 HK\$'000 (Unaudited)	30 September 2017 HK\$'000 (Audited)
Salaries, allowances and other benefits	8,317	7,373
Contributions to retirement benefits scheme	130	150
	8,447	7,523

- (d) The Company and Mega Start Limited entered into a subscription agreement on 16 December 2015 in relation to subscription for 90,000,000 shares and an agreement on 16 December 2015 in relation to subscription of a convertible bond in a principal amount of HK\$24,000,000. Details are stated in the Company's Circular dated 15 January 2016. Details of the convertible bond are included in note 15 to the condensed financial statements.
- (e) Performance bond of approximately HK\$55,913,000 was guaranteed by Mr. Wong Law Fai, a director of certain subsidiaries of the Company.
- (f) The Group has guaranteed banking facilities granted to a related company amounting to HK\$116,960,000 (2018: Nil) as of the end of the reporting periods as further detailed in note 12 to the condensed consolidated financial statements.

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2018

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	30 September 2018 HK\$'000	31 March 2018 HK\$'000	30 September 2018 HK\$'000	31 March 2018 HK\$'000
Financial assets				
Available-for-sale investments, at fair value	—	23,563	—	23,563
Debt investments designated at fair value through other comprehensive income	20,033	—	20,033	—
Equity investments at fair value through profit or loss	2,273	—	2,273	—
Debt investments at fair value through profit or loss	11,806	—	11,806	—
Financial liabilities				
Convertible bond	17,521	16,383	17,521	16,383
Non-current portion of other payables and accruals	487	487	487	487
Non-current portion of loans from a related party	243,009	243,009	243,009	243,009

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

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

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2018

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

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

Assets measured at fair value:

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
30 September 2018 (unaudited)				
Debt investments designated at fair value through other comprehensive income	—	20,033	—	20,033
Equity investments at fair value through profit or loss	2,273	—	—	2,273
Debt investments at fair value through profit or loss	306	11,500	—	11,806
	2,579	31,533	—	34,112
31 March 2018 (audited)				
Available-for-sale investments	3,530	20,033	—	23,563

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (31 March 2018: Nil).

The Group did not have any financial liabilities measured at fair value as at 30 September 2018 and 31 March 2018.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2018

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liabilities for which fair values are disclosed:

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
31 September 2018 (unaudited)				
Convertible bond	—	—	17,521	17,521
Non-current portion of other payables and accruals	—	—	487	487
Non-current portion of loans from a related party	—	—	243,009	243,009
	—	—	261,017	261,017
31 March 2018 (audited)				
Convertible bond	—	—	16,383	16,383
Non-current portion of other payables and accruals	—	—	487	487
Non-current portion of loans from a related party	—	—	243,009	243,009
	—	—	259,879	259,879

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2018

23. GAIN ON DISPOSAL OF SUBSIDIARIES

During the six months ended 30 September 2018, the Group disposed Prosperous Star Limited and Smart Sky Hong Limited, wholly-owned subsidiaries of the Group. The transaction was completed in September 2018.

The net assets disposed of in the above transaction are as follows:

	<i>Note</i>	Six months ended 30 September 2018 HK\$'000 (Unaudited)
Net assets disposed of:		
Property, plant and equipment		24,922
Cash and bank balances		12
Prepayments and other receivables		23
Accruals and other payables		(31)
		24,926
Gain on disposal of subsidiaries	5	2,057
		26,983
Satisfied by:		
Cash		26,983
Cash consideration		26,983
Cash and bank balances disposed of		(12)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries		26,971

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2018

24. EVENTS AFTER THE REPORTING PERIOD

- (a) On 23 August 2019, the 2 deposit pledge contracts totalled RMB100 million (equivalent to HK\$117.23 million) entered into by Wuxi Taike with a bank to guarantee the indebtedness of Jiangyin Youjia had expired and the deposit pledge in the sum of RMB100 million (equivalent to HK\$117.23 million) were released on the same day.
- (b) From November to December 2019, China Carbon Valley Technology Group Limited ("China Carbon"), a wholly-owned subsidiary of the Company and the immediate holding company of Wuxi Taike, reduced the capital invested in Wuxi Taike by HK\$120,000,000 and Wuxi Taike has returned HK\$120,000,000 to China Carbon, which then transferred the same amount to another wholly-owned subsidiary of the Company.
- (c) On 20 January 2020, the Group signed a sales and purchases agreement to dispose of the entire interest in Pure Fountain Holdings Limited, which holds 100% equity interests in China Carbon and Wuxi Taike, to Jiangyin Meihong Plastic Electronics Co., Ltd, at a total of consideration of RMB8,000,001 (equivalent to HK\$8,950,000). The transaction was completed on 28 February 2020. Further details of the disposal were set out in the Company announcement dated 20 January 2020 and 22 January 2020.
- (d) An outbreak of the coronavirus disease 2019 ("COVID-19") pandemic may impact the Group's business in the coming year.

The Group will continue to monitor the development of COVID-19 situation closely and assess its impacts on the financial position and operating results of the Group. Up to the date of the announcement, the assessment is still in progress.

25. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the Board on 13 May 2020.

INTERIM DIVIDEND

The directors of the Company (the "Directors") do not recommend the payment of dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: Nil).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Specific enquiry has been made to each of the Directors and all Directors have confirmed that they have complied with the Model Code during the six months ended 30 September 2018.

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

As at 30 September 2018, the interests or short positions of the Directors and chief executives of the Company in the shares of the Company (the "Shares"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as follows:

Name of Director	Capacity	Number of shares held <i>(note 1)</i>	Percentage of the issued share capital of the Company <i>(note 1)</i>
Mr. Chau Chit <i>(note 2)</i>	Interest of Controlled Corporation	600,000,000 (L)	10.00%
Mr. Xie Xiaotao	Beneficial owner	50,000,000 (L)	0.83%
Mr. Wong Wai Kwan	Beneficial owner	5,000,000 (L)	0.08%

Notes:

- The letter "L" denotes the person's long position in such securities. The number of shares are the number of shares held as at 30 September 2018 and the percentage of the issued share capital of the Company is calculated on the basis of 6,000,000,000 shares in issue as at 30 September 2018.
- Mr. Chau Chit, the executive Director, is the ultimate beneficial owner of Mega Start Limited ("Mega Start"). By virtue of the SFO, Mr. Chau Chit is deemed to be interested in the 600,000,000 Shares held by Mega Start.

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

Other Information (Continued)

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed above, at no time during the six months ended 30 September 2018 was the Company, or any of its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the Shares, or underlying shares, or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

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

As at 30 September 2018, the following persons (other than Directors or chief executives of the Company) were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Listing Rules of the Stock Exchange:

Name of Shareholders	Capacity	Number of Shares held <i>(note 1)</i>	Percentage of the issued share capital of the Company <i>(note 1)</i>
Mega Start Limited	Beneficial owner	600,000,000 (L)	10.00%
Fount Holdings Limited	Beneficial owner	475,000,000 (L)	7.92%
Mr. Tang Hao <i>(note 2)</i>	Interest of controlled corporation	475,000,000 (L)	7.92%
Earnstar Holding Limited	Beneficial owner	350,000,000 (L)	5.83%
Dungbao Limited <i>(note 3)</i>	Interest of controlled corporation	350,000,000 (L)	5.83%
Mr. Ma Zenglin <i>(note 4)</i>	Interest of controlled corporation	350,000,000 (L)	5.83%
Zhongtai Financial Investment Limited <i>(note 5)</i>	Person having a security interest in shares interest in shares <i>(note 2)</i>	300,000,000 (L)	5.00%
Zhongtai Financial International Limited <i>(note 5)</i>	Interest of corporation controlled by you	300,000,000 (L)	5.00%
Zhongtai Securities Company Limited <i>(note 5)</i>	Interest of corporation controlled by you	300,000,000 (L)	5.00%

Other Information (Continued)

Notes:

1. The letter "L" denotes the person's long position in such securities. The number of shares are the number of shares held as at 31 March 2018 and the percentage of the issued share capital of the Company is calculated on the basis of 6,000,000,000 shares in issue as at 31 March 2018.
2. Mr. Tang Hao owns the entire issued share capital of Fount Holdings Limited. By virtue of the SFO, Mr. Tang Hao is deemed to be interested in the 475,000,000 Shares held by Fount Holdings Limited.
3. Dungbao Limited owns the entire issued share capital of Earnstar Holding Limited. By virtue of the SFO, Dungbao Limited is deemed to be interested in the 350,000,000 Shares held by Earnstar Holding Limited.
4. Mr. Ma Zenglin owns the entire issued share capital of Dungbao Limited. By virtue of the SFO, Mr. Ma Zenglin is deemed to be interested in the 350,000,000 Shares held by Earnstar Holding Limited.
5. Based on the information available to the Company, Zhongtai Financial Investment Limited has a security interest in 300,000,000 shares and is directly wholly owned by Zhongtai Financial International Limited, which is wholly owned by Zhongtai Securities Company Limited. Zhongtai Financial International Limited and Zhongtai Securities Company Limited are therefore deemed to be interested in all the shares in which Zhongtai Financial Investment Limited is interested under the SFO.

Save as disclosed above, as at 30 September 2018, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

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

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

Other Information (Continued)

CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate governance practices and procedures.

Save as disclosed below, 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 2018.

Roles of the chairman and the chief executive

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separated and should not be performed by the same individual. During the period from 1 April 2018 to 6 September 2018, Mr. Chau Chit was the co-chairman of the Board of Directors of the Company and the chief-executive officer of the Company.

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

Besides, Mr. Dai (resigned on 7 September 2018), the other co-chairman, was primarily responsible for providing overall strategic plan in the development of the graphene business of the Group and Mr. Chau, who is the chief executive officer of the Company, carries out executive functions including day-to-day business and operations management of the Group.

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

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

Under the code provision A.2.1, the roles of chairman and CEO should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO of the Company should be clearly established and set out in writing.

Other Information (Continued)

The roles of the chairman and the CEO of the Company were not separated and were performed by the same individual, Mr. Chau Chit (re-designated as Chairman on 7 September 2018) during the period from 7 September 2018 to 30 September 2019.

The Directors meet regularly to consider major matters affecting the operations of the Group. As such, the Directors consider that this structure will not impair the balance of power and authority between the Directors and the management of Group and believes that this structure will enable the Group to make and implement decisions promptly and efficiently.

Financial reporting, Risk management and internal control

On 23 August 2018, Wuxi Taike Nano New Material Co. Ltd* (無錫泰科納米新材料有限公司), a wholly foreign-owned subsidiary of the Company in the People's Republic of China, pledged the bank deposit in the sum of RMB100 million (the "Secured Deposits") under deposit pledge contracts (the "Deposit Pledge Contracts") to guarantee the indebtedness of Jiangyin Youjia Pearlescent Mica Co., Ltd* (江陰市友佳珠光雲母有限公司) ("Jiangyin Youjia"), a company established in the PRC, for the opening bank acceptance bill contracts (《開立銀行承兌匯票合同》) (the "Opening Bank Acceptance Bill Contracts") entered into between Jiangyin Youjia and a PRC bank (the "Pledgee Bank") to obtain credit facilities of up to an aggregate amount of RMB100 million (the "Credit Facilities") for a period from 17 August 2018 to 17 August 2019. As of the date of the Opening Bank Acceptance Bill Contracts, the legal representative of Jiangyin Youjia was the late Mr. Dai Jialong, a former executive Director of the Company and a then substantial shareholder of the Company holding approximately 12.17% of the issued share capital of the Company.

Further details should be referred to (i) the announcements of the Company dated 16, 19 and 30 November 2018, 24 January 2019 and 23 August 2019 in relation to the pledge of bank deposit of Wuxi Taike in the sum of RMB100 million under the Deposit Pledge Contracts to guarantee the indebtedness of Jiangyin Youjia for the Opening Bank Acceptance Bill Contracts entered into between Jiangyin Youjia and the Pledgee Bank, (ii) the announcement of the Company dated 9 January 2019 in relation to the conditions for the resumption of trading in the shares of the Company ("Resumption Conditions"), (iii) the announcements of the Company dated 8 March 2019, 6 and 13 June 2019, 3 September 2019, 3 December 2019 and 6 March 2020 relation to the update on progress of the Resumption Conditions, (iv) the announcement of the Company dated 6 January 2020 in relation to the preliminary unaudited consolidated financial information of the Group for the year ended 31 March 2019, and (v) the announcements of the Company dated 20 and 22 January 2020 in relation to the disposal of the Target Company by the Group to an third party (together, the "Prior Announcements").

For the above matters as disclosed in the Prior Announcements, the Board considered the followings:

- the management of the Group had not provided sufficient explanation and information to the board to enable it to make an informed assessment of financial and other information put before it for approval in according to code provision C.1.1 of the CG Code; and
- According to the principle and code provisions of C2 of CG Code, the board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the issuer's strategic objectives, and ensuring that the issuer establishes and maintains appropriate and effective risk management and internal control systems. The board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the board on the effectiveness of these systems; and the Board acknowledged weaknesses in the above.

Other Information (Continued)

AUDIT COMMITTEE

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

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

The Audit Committee has reviewed with the management the Group's interim results for the Period.

CHANGE OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the details of change in the Company's directorship since the date of the 2018 Annual Report are set out below:

1. Mr. Dai Jialong resigned as an executive Director of the Company on 7 September 2018. Please refer to the announcement on 10 September 2018 for details.
2. Mr. Zhu Xiaodong was appointed as an executive Director of the Company on 2 September 2019. Please refer to the announcement on 2 September 2019 for details.

CHAIRMAN'S APPRECIATION

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

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

Hong Kong, 13 May 2020

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