



**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

2016
INTERIM REPORT

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Corporate Information

EXECUTIVE DIRECTORS

Chau Chit (*Chairman*)
Xie Xiaotao (*appointed on 3 October 2016*)
Hu Baoyue (*Acting Chief Executive Officer*)
(*resigned as executive director on 21 September 2016*)
Kwan Ngai Kit (*resigned on 3 October 2016*)

NON-EXECUTIVE DIRECTOR

Chen Guobao

INDEPENDENT NON-EXECUTIVE DIRECTORS

Tam Tak Kei Raymond
Wong Kai Tung Simon
Wong Wai Kwan

COMPANY SECRETARY

Au-yeung Lok Man (*appointed on 3 October 2016*)
Kwan Ngai Kit (*resigned on 3 October 2016*)

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Wong Kai Tung Simon (*Chairman*)
Chau Chit
Chen Guobao
Tam Tak Kei Raymond
Wong Wai Kwan
Xie Xiaotao (*appointed on 3 October 2016*)
Hu Baoyue (*resigned on 21 September 2016*)

NOMINATION COMMITTEE

Chau Chit (*Chairman*)
Chen Guobao
Tam Tak Kei Raymond
Wong Kai Tung Simon
Wong Wai Kwan
Xie Xiaotao (*appointed on 3 October 2016*)
Hu Baoyue (*resigned on 21 September 2016*)

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 2002, 118 Connaught Road West
Sai Ying Pun, Hong Kong

AUTHORISED REPRESENTATIVES

Chau Chit
Au-yeung Lok Man (*appointed on 3 October 2016*)
Kwan Ngai Kit (*resigned on 3 October 2016*)

AUDITOR

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

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
Malayan Banking Berhad

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

COMPANY WEBSITE

www.visionfame.com

Management Discussion and Analysis

(1) INTERIM RESULTS

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

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

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

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

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

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

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

Management Discussion and Analysis (Continued)

(2) REVIEW OF OPERATIONS

(i) Building Construction and Other Construction Related Business

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

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

(ii) Property Maintenance

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

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

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

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

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

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

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

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

Management Discussion and Analysis (Continued)

(2) REVIEW OF OPERATIONS (Continued)

(v) Graphene Production and Trading of metals and materials

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

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

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

(3) PROSPECTS

Graphene production business

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

- (i) the technical cooperation agreement with The National Centre for Nanoscience and Technology of China ("NCNTC") in respect of the establishment of The Joint Engineering Laboratory for Research and Applications of Graphene for a term of 3 years;
- (ii) the technical cooperation agreement with Marine Chemical Research Institute ("MCRI") for research and applications of graphene in anti-erosion coatings and paints for a term of 3 years; and
- (iii) the technical cooperation agreement with Tonji University and Shanghai Jiao Tong University for the development of graphene-based electrochemical energy storage equipment.

Management Discussion and Analysis (Continued)

(3) PROSPECTS (Continued)

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

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

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

Constructions, Property maintenance and A&A Works

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

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

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

Other businesses

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

Management Discussion and Analysis (Continued)

(4) AVAILABLE-FOR-SALE INVESTMENTS

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

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

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

(6) LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 September 2016, the Group had total cash and bank deposits of approximately HK\$376.1 million (as at 31 March 2016: approximately HK\$458.2 million). As at 30 September 2016, total interest-bearing loans and zero-coupon convertible bond amounted to approximately HK\$173.0 million (31 March 2016: approximately HK\$174.2 million) and HK\$13.4 million (31 March 2016: approximately HK\$12.5 million) respectively. The Group's net cash balance (the sum of pledged bank deposits and restricted cash and cash and cash equivalents less interest-bearing bank and other borrowings in current portion) has decreased from approximately HK\$456.2 million as at 31 March 2016 to approximately HK\$374.5 million as at 30 September 2016. The decrease in net cash balance was due to working capital utilised to finance the operations of the Group.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. As at 30 September 2016, the Group had obtained credit facilities from various banks and financial institutions up to a maximum amount of approximately HK\$98,000,000 (31 March 2016: approximately HK\$98,000,000) and approximately HK\$31,453,000 (31 March 2016: approximately HK\$38,749,000) of the credit facilities has been utilized.

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

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

Management Discussion and Analysis (Continued)

(7) FOREIGN EXCHANGE AND INTEREST RATE RISK

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

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

(8) PLEDGE OF ASSETS

Details of the Group's assets that are pledged to secure banking borrowings and performance bonds facilities granted to the Group are set out in note 15 to the condensed consolidated financial statements.

(9) CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group's significant contingent liabilities as at 30 September 2016 are set out in note 16 to the condensed consolidated financial statements.

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

(10) EVENT AFTER THE REPORTING PERIOD

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

Management Discussion and Analysis (Continued)

(11) MOVEMENT OF INCOMPLETED CONTRACTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

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

Building Construction segment

Contracts secured during the six months ended 30 September 2016

Contracts	Commencement date	Contract value HK\$'000
Revitalization of Haw Par Mansion, Hong Kong	June 2016	119,800
Bored piling works for proposed alteration and addition to existing Park View, Elias Park, Pasir Ris and Tampines North Primary School, Singapore	June 2016	8,352
Bored piling works for proposed alteration and addition to Woodgrove Primary School at 2 Woodlands Drive 1 and Bedok Green Primary School at 1 Bedok South Avenue 2, Singapore	May 2016	4,472
Bored piling works for proposed alteration and addition to existing Fajar Secondary School at 31 Gangsa Road, Singapore	June 2016	4,587
Total		137,211

Management Discussion and Analysis (Continued)

(11) MOVEMENT OF INCOMPLETED CONTRACTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016 (Continued)

Alterations, Renovation, Upgrading and Fitting-Out Works segment

Contracts secured during the six months ended 30 September 2016

Contracts	Commencement date	Contract value HK\$'000
Alterations and additions works at Hong Kong Polytechnic University, Hong Kong	August 2016	14,800
Supply and installation of high speed doors and associated works at Hong Kong International Airport, Hong Kong	August 2016	3,259
Renovation works bread automation system for food factory, Tai Po Industrial Estate, Hong Kong	September 2016	18,931
Total		36,990

Building Construction segment

Contracts completed during the six months ended 30 September 2016

Contracts	Commencement date	Completion date	Contract value HK\$'000
Hotel development at 8A-8B Wing Hing Street, North Point, Hong Kong	June 2014	May 2016	135,000
Bored piling works for proposed multi storey carparks Batch 5 at Teck Whye Avenue (CK6) and Bedok Reservoir (KE3), Singapore	June 2015	June 2016	7,356
Bored piling works for proposed erection of a 5-storey residential flat development at Truro Road, Singapore	January 2016	April 2016	1,874
Total			144,230

Management Discussion and Analysis (Continued)

(11) MOVEMENT OF INCOMPLETED CONTRACTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016 (Continued)

Alterations, Renovation, Upgrading and Fitting-Out Works segment

Contracts completed during the six months ended 30 September 2016

Contracts	Commencement date	Completion date	Contract value HK\$'000
Main contract for proposed alteration & addition at B/F-3/F, block E & F, Harbour City, Kowloon, Hong Kong	April 2015	April 2016	65,322
Supply, installation and dismantle of fixing for sculptures for Event Horizon, Hong Kong	October 2015	June 2016	1,500
External wall refurbishment work at CLP Shatin Centre, Hong Kong	November 2015	May 2016	10,250
Alterations and additions works of food factory at No. 3 Dai Shun Street, Tai Po Industrial Estate, N.T. Hong Kong	September 2014	April 2016	179,551
Total			256,623

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

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

Management Discussion and Analysis (Continued)

(12) EMPLOYEES AND REMUNERATION POLICIES

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

The Group establishes its remuneration policy by making reference to the prevailing market conditions and a performance-based reward system. It is to ensure that the Group is able to attract, retain and motivate executives of the highest caliber, essential to the successful leadership and effective management of the Group. The performance measures are balanced between financial and industrial comparatives. The components of remuneration package are consisted of basic salary, allowances, benefit-in-kind, fringe benefits including medical insurance and contributions to mandatory provident funds, as well as incentives like discretionary bonus. The Group also provides external training programmes which are complementary to certain job functions.

The remuneration packages of the senior management are recommended by the managing director of the respective company and approved by the Board by reference to their respective responsibilities and accountability, target achievements, business results and market competitiveness of the Group. The remuneration packages of the managerial and support staff are determined by the directors of the respective company.

Report on Review of Interim Financial Information



To the board of directors of Vision Fame International Holding Limited

(Incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 16 to 35 which comprises the condensed consolidated statement of financial position of Vision Fame International Holding Limited (the "Company") and its subsidiaries as at 30 September 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants.

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

SCOPE OF REVIEW

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

Report on Review of Interim Financial Information (Continued)

CONCLUSION

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

Ernst & Young

Certified Public Accountants

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

29 November 2016

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2016

	Notes	Six months ended 30 September 2016 HK\$'000 (Unaudited)	Six months ended 30 September 2015 HK\$'000 (Unaudited)
REVENUE	3	770,847	1,420,654
Cost of sales		(742,580)	(1,393,085)
Gross profit		28,267	27,569
Other income and gains		9,791	5,175
Administrative expenses		(29,509)	(33,026)
Research and development costs		(1,759)	—
Other operating losses		—	(9,000)
Finance costs	4	(1,766)	(3,996)
PROFIT/(LOSS) BEFORE TAX	5	5,024	(13,278)
Income tax	6	—	(2,399)
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		5,024	(15,677)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Changes in fair value		535	(1,902)
Reclassification adjustment for losses included in the condensed consolidated statement of profit or loss and other comprehensive income:			
— impairment losses		—	1,014
Release of exchange reserve upon deregistration of subsidiaries		535	(888)
Exchange differences on translation of foreign operations		(681)	—
		(11,711)	(569)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		(11,857)	(1,457)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		(11,857)	(1,457)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		(6,833)	(17,134)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the six months ended 30 September 2016

	<i>Note</i>	Six months ended 30 September 2016	Six months ended 30 September 2015 (restated)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	7		
— Basic (HK cents)		0.08	(1.05)
— Diluted (HK cents)		0.08	(1.05)

Condensed Consolidated Statement of Financial Position

30 September 2016

	<i>Notes</i>	30 September 2016 HK\$'000 (Unaudited)	31 March 2016 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	44,534	15,855
Investment in an associate		565	572
Investment in a joint venture		—	—
Available-for-sale investments		3,864	3,396
Prepayments, deposits and other receivables		24,570	4,502
Total non-current assets		73,533	24,325
CURRENT ASSETS			
Gross amount due from contract customers		38,443	27,580
Trade receivables	10	388,074	330,191
Prepayments, deposits and other receivables		74,450	128,397
Available-for-sale investments		14,099	—
Pledged bank deposits and restricted cash		46,342	60,366
Tax recoverable		18	—
Cash and cash equivalents		329,766	397,801
Total current assets		891,192	944,335
CURRENT LIABILITIES			
Gross amount due to contract customers		3,074	3,872
Trade payables	11	315,628	307,385
Other payables and accruals		31,018	35,110
Amounts due to a related party	17(b)	108,805	107,953
Tax payable		1,483	2,505
Interest-bearing bank and other borrowings		1,562	1,976
Total current liabilities		461,570	458,801
NET CURRENT ASSETS		429,622	485,534
TOTAL ASSETS LESS CURRENT LIABILITIES		503,155	509,859

Condensed Consolidated Statement of Financial Position (Continued)

30 September 2016

		30 September 2016	31 March 2016
	<i>Notes</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
NON-CURRENT LIABILITIES			
Convertible bond	12	13,392	12,529
Loans from a related party	17(b)	170,000	170,000
Interest-bearing other borrowings		1,482	2,216
Other payables and accruals		828	828
Total non-current liabilities		185,702	185,573
Net assets		317,453	324,286
EQUITY			
Equity attributable to owners of the parent			
Issued capital	13	12,000	12,000
Equity component of convertible bond	12	11,746	11,746
Other reserves		293,707	300,540
Total equity		317,453	324,286

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2016

	Issued capital	Share premium account	Equity component of convertible bonds	Exchange reserve	Capital reserve	Legal reserve	Available-for-sale investments revaluation reserve	Other reserve	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 2016 (Audited)	12,000	300,824	11,746	6,506	3,642	12	—	22,000	(32,444)	324,286
Profit for the period	—	—	—	—	—	—	—	—	5,024	5,024
Other comprehensive income/(loss) for the period:										
Change in fair value of available-for-sale investments, net of tax	—	—	—	—	—	—	535	—	—	535
Exchange differences on translation of foreign operations	—	—	—	(11,711)	—	—	—	—	—	(11,711)
Release of exchange reserve upon deregistration of subsidiaries	—	—	—	(681)	—	—	—	—	—	(681)
Total comprehensive income/(loss) for the period	—	—	—	(12,392)	—	—	535	—	5,024	(6,833)
At 30 September 2016 (unaudited)	12,000	300,824*	11,746	(5,886)*	3,642*	12*	535*	22,000*	(27,420)*	317,453
At 1 April 2015 (Audited)	3,000	44,322	—	4,939	3,642	12	436	22,000	(52,362)	25,989
Loss for the period	—	—	—	—	—	—	—	—	(15,677)	(15,677)
Other comprehensive income/(loss) for the period:										
Change in fair value of available-for-sale investments, net of tax	—	—	—	—	—	—	(1,902)	—	—	(1,902)
Reclassification adjustment for impairment loss on available-for-sale investments	—	—	—	—	—	—	1,014	—	—	1,014
Exchange differences on translation of foreign operations	—	—	—	(569)	—	—	—	—	—	(569)
Total comprehensive income/(loss) for the period	—	—	—	(569)	—	—	(888)	—	(15,677)	(17,134)
At 30 September 2015 (unaudited)	3,000	44,322	—	4,370	3,642	12	(452)	22,000	(68,039)	8,855

* These reserve accounts comprise the consolidated other reserves of HK\$293,707,000 (30 September 2015: HK\$5,855,000) in the condensed consolidated statement of financial position as at 30 September 2016.

Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 September 2016

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 2016

	Six months ended 30 September 2016 HK\$'000 (Unaudited)	Six months ended 30 September 2015 HK\$'000 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(26,663)	(86,450)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in an available-for-sale investment	(14,032)	—
Additions to property, plant and equipment	(31,434)	(346)
Interest received	662	278
Decrease/(increase) in pledged bank deposits	(90)	12
Proceeds from disposal of property, plant and equipment	73	—
Net cash used in investing activities	(44,821)	(56)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to a related party	—	(31,001)
Repayment of bank and other borrowings	(1,103)	(5,576)
Interest paid	(51)	(757)
New bank borrowings	—	4,000
Advance from a related party	—	30,000
Net cash used in financing activities	(1,154)	(3,334)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(72,638)	(89,840)
Cash and cash equivalents at beginning of the period	418,351	188,754
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(9,496)	2,600
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	336,217	101,514
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents stated in condensed consolidated statement of financial position	329,766	101,574
Restricted cash with original maturity of less than three months when acquired, restricted for banking facilities	6,451	—
Cash and cash equivalents as stated in condensed consolidated statement of cash flows	336,217	101,574

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

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;
- Property development and provision of related management and advisory services; and
- Graphene production and trading of metals and materials

Prior to 1 September 2015, in the opinion of the directors of the Company, Grand Silver Group Limited, a company incorporated in the British Virgin Islands ("BVI") was the immediate and ultimate holding company of the Company.

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 2016.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2016

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 9	<i>Financial Instruments²</i>
Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions²</i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
HKFRS 15	<i>Revenue from Contracts with Customers²</i>
Amendments to HKFRS 15	<i>Clarification to HKFRS 15²</i>
HKFRS 16	<i>Leases³</i>
Amendments to HKAS 7	<i>Disclosure Initiative¹</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses¹</i>

¹ Effective for annual periods beginning on or after 1 January 2017

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2019

⁴ No mandatory effective date yet determined but is available for adoption

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2016

3. REVENUE AND SEGMENT INFORMATION

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

- (a) building construction and other construction related business;
- (b) alterations, renovation, upgrading and fitting-out works;
- (c) property maintenance;
- (d) property development and provision of related management and advisory services; and
- (e) graphene production and trading of metals and 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 of available-for-sale investments 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 (2015: Nil).

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

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2016

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	Property development and provision of related management and advisory services HK\$'000	Graphene production and trading of metals and materials HK\$'000	Total HK\$'000
Six months ended 30 September 2015						
Segment revenue						
— external customers	282,903	247,803	170,467	9,234	710,247	1,420,654
Segment results	4,247	7,360	8,512	8,056	753	28,928
Unallocated other income and gain/(loss)						(5,348)
Administrative expenses						(31,848)
Finance costs						(3,996)
Impairment loss on available-for-sale investments						(1,014)
Loss before tax						(13,278)

4. FINANCE COSTS

	Six months ended 30 September 2016 HK\$'000 (Unaudited)	Six months ended 30 September 2015 HK\$'000 (Unaudited)
Interest on:		
Secured bank loans wholly repayable within five years	3	695
Convertible bond	863	—
Obligations under finance leases	48	62
Loans from a related party (Note 17(b))	852	3,239
	1,766	3,996

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2016

5. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 September 2016 HK\$'000 (Unaudited)	Six months ended 30 September 2015 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment*	4,242	3,593
Research and development costs	1,759	—
Operating lease rentals in respect of premises	1,092	2,464
Bank interest income	(662)	(278)
Interest income from sub-contractors	(2,302)	(2,537)
Loss/(gain) on disposal of property, plant and equipment [#]	(72)	4,310
Foreign exchange difference, net [#]	(5,372)	3,676
Gain on deregistration of subsidiaries	(681)	—
Impairment loss on available-for-sale investments [#]	—	1,014

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

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

6. INCOME TAX

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

	Six months ended 30 September 2016 HK\$'000 (Unaudited)	Six months ended 30 September 2015 HK\$'000 (Unaudited)
Current tax		
— Elsewhere	—	2,014
Deferred tax	—	385
	—	2,399

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2016

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

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

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

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

	Six months ended 30 September 2016 HK\$'000	Six months ended 30 September 2015 HK\$'000
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(loss) per share calculation	5,024	(15,677)
Interest on a convertible bond	863	—
Profit/(loss) attributable to ordinary equity holders of the parent before interest on a convertible bond	5,887	(15,677)
	Number of shares Six months ended 30 September 2016	Six months ended 30 September 2015 (restated)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	6,000,000,000	1,500,000,000
Effect of dilution — weighted average number of ordinary shares: A convertible bond	391,478,580	—
	6,391,478,580*	1,500,000,000

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

The weighted average number of ordinary shares for the current and prior periods have been adjusted as if the share subdivision (Note 13) had occurred at the beginning of the earliest period presented.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2016

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 addition of approximately HK\$31,434,000 (six months ended 30 September 2015: HK\$346,000) on property, plant and equipment, mainly including equipment for production of graphene.

10. TRADE RECEIVABLES

	30 September 2016 HK\$'000 (Unaudited)	31 March 2016 HK\$'000 (Audited)
Trade receivables	334,338	271,718
Retention monies receivables	53,736	58,473
	388,074	330,191

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

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

	30 September 2016 HK\$'000 (Unaudited)	31 March 2016 HK\$'000 (Audited)
Within 1 month	267,693	227,516
1 to 3 months	64,252	43,888
Over 3 months	2,393	314
	334,338	271,718

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2016

11. TRADE PAYABLES

	30 September 2016 HK\$'000 (Unaudited)	31 March 2016 HK\$'000 (Audited)
Trade payables	243,529	236,547
Retention monies payables	72,099	70,838
	315,628	307,385

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

	30 September 2016 HK\$'000 (Unaudited)	31 March 2016 HK\$'000 (Audited)
Within 1 month	233,987	224,443
1 month to 3 months	4,124	6,713
Over 3 months	5,418	5,391
	243,529	236,547

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

12. CONVERTIBLE BOND

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

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2016

12. CONVERTIBLE BOND (Continued)

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

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

13. SHARE CAPITAL

	30 September 2016 HK\$'000 (Unaudited)	31 March 2016 HK\$'000 (Audited)
Authorised:		
10,000,000,000 ordinary shares of HK\$0.002 each (31 March 2016: 2,000,000,000 ordinary shares of HK\$0.01 each)	20,000	20,000
Issued and fully paid:		
6,000,000,000 ordinary shares of HK\$0.002 each (31 March 2016: 1,200,000,000 ordinary shares of HK\$0.01 each)	12,000	12,000

On 3 May 2016, each of the existing issued and unissued shares of HK\$0.01 each in the share capital of the Company were subdivided into five ordinary shares of HK\$0.002 each.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2016

14. 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 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2016 HK\$'000	31 March 2016 HK\$'000
Within one year	5,412	4,123
In the second to fifth years, inclusive	2,425	2,562
	7,837	6,685

15. 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\$231,144,000 (31 March 2016: HK\$239,189,000) in aggregate granted to the Group:

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2016

16. CONTINGENT LIABILITIES

Performance bonds amounting to approximately HK\$133,144,000 (31 March 2016: approximately HK\$141,189,000) were given by banks or insurance companies in favour of some of the Group's customers as security for the due performance and observance of the Group's obligations under the construction contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the banks or insurance companies to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks or insurance companies accordingly. The performance bonds will be released upon completion of the contract works for the relevant customers.

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

17. 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:

		Six months ended 30 September 2016 HK\$'000 (Unaudited)	Six months ended 30 September 2015 HK\$'000 (Unaudited)
Interest expense paid to a director of certain subsidiaries of the Company	(i)	852	3,239

Notes:

- (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 17(b) below.

(b) Outstanding balances with a related party:

The loans from a related party were advanced by Mr. Wong Law Fai, a director of certain subsidiaries of the Company. Pursuant to loan agreements dated 1 December 2013, the amounts comprise loans of HK\$170,000,000 which are unsecured and bears interest at 1% (2015: 3.80%) per annum and repayable in June 2018 as extended by Mr. Wong Law Fai.

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2016

17. RELATED PARTY TRANSACTIONS (Continued)

(c) Compensation of key management personnel

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

	Six months ended 30 September 2016 Notes HK\$'000 (Unaudited)	Six months ended 30 September 2015 HK\$'000 (Unaudited)
Salaries, allowances and other benefits	6,600	6,472
Contributions to retirement benefits scheme	107	98
	6,707	6,570

- (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 convertible bond are included in note 12 to the condensed financial statements.
- (e) Performance bond of HK\$40,134,000 was guaranteed by Mr. Wong Law Fai, a director of certain subsidiaries of the Company.

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

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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, available-for-sale investments, financial liabilities included in other payables and accruals, certain bank and other borrowings and balances with a related party approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2016

18. 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 2016 (unaudited)				
Available-for-sale investments	17,963	—	—	17,963
31 March 2016 (audited)				
Available-for-sale investments	3,396	—	—	3,396

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 2016: Nil).

The Group did not have any financial liabilities measured at fair value as at 31 March 2016 and 30 September 2016.

19. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the Board on 29 November 2016.

Other Information

INTERIM DIVIDEND

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

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

As at 30 September 2016, the interests or short positions of the Directors and chief executives of the Company in the shares of the Company (the "Shares"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as follows:

Name of Director	Capacity	Number of issued ordinary Shares held	Approximate percentage of the issued share capital of the Company
Mr. Chau Chit (<i>Note 1</i>)	Interest of Controlled Corporation	1,000,000,000 (L)	16.67%
Mr. Dai Jia Long	Beneficial owner	610,000,000 (L)	10.17%
Mr. Chen Guobao (<i>Note 2</i>)	Interest of Controlled Corporation	76,896,000 (L)	1.28%
Mr. Xie Xiaotao	Beneficial owner	75,000,000 (L)	1.25%
Mr. Wong Wai Kwan	Beneficial owner	5,000,000 (L)	0.08%

(L): Long position

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

Other Information (Continued)

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

Note 2: The 76,896,000 Shares are held by Full Fortune International Co., Ltd, and Mr. Chen Guobao beneficially owns the entire issued share capital of Full Fortune International Co., Ltd. By virtue of the SFO, Mr. Chen Guobao is deemed to be interested in the 76,896,000 Shares held by Full Fortune International Co., Ltd.

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

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed above, at no time during the six months ended 30 September 2016 was the Company, or any of its holding companies, 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 2016, the following persons (other than Directors or chief executives of the Company) were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Listing Rules on the Stock Exchange:

Name of Shareholders	Capacity	Number of issued ordinary Shares held	Percentage of the issued share capital of the Company
Mega Start Limited (Note 1)	Beneficial Owner	1,000,000,000 (L)	16.67%
Bold Elite Limited	Beneficial Owner	475,000,000 (L)	7.92%
Mr. Wang Guohua (Note 2)	Interest of Controlled Corporation	475,000,000 (L)	7.92%
Ms. Yao Xiaojun (Note 3)	Interest of Controlled Corporation	475,000,000 (L)	7.92%
Fount Holdings Ltd	Beneficial Owner	475,000,000 (L)	7.92%
Mr. Tang Hao (Note 4)	Interest of Controlled Corporation	475,000,000 (L)	7.92%
Talent Holdings Limited	Beneficial Owner	360,000,000 (L)	6.00%
Mr. Yu Wudan (Note 5)	Interest of Controlled Corporation	360,000,000 (L)	6.00%
Earnstar Holding Limited	Beneficial Owner	350,000,000 (L)	5.83%
Dungbao Limited (Note 6)	Interest of Controlled Corporation	350,000,000 (L)	5.83%
Mr. Ma Zenglin (Note 7)	Interest of Controlled Corporation	350,000,000 (L)	5.83%

Other Information (Continued)

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

(/): Long position

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

Note 2: Mr. Wang Guohua owns 40% of the issued share capital of Bold Elite Limited. By virtue of the SFO, Mr. Wang Guohua is deemed to be interested in the 475,000,000 Shares held by Bold Elite Limited.

Note 3: Ms. Yao Xiaojun owns 60% of the issued share capital of Bold Elite Limited. By virtue of the SFO, Ms. Yao Xiaojun is deemed to be interested in the 475,000,000 Shares held by Bold Elite Limited.

Note 4: Mr. Tang Hao owns the entire issued share capital of Fount Holdings Ltd. By virtue of the SFO, Mr. Tang Hao is deemed to be interested in the 475,000,000 Shares held by Fount Holdings Ltd.

Note 5: Mr. Yu Wudan owns 100% of the issued share capital of Talent Holdings Limited. By virtue of the SFO, Mr. Yu Wudan is deemed to be interested in the 360,000,000 Shares held by Talent Holdings Limited.

Note 6: 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 Dungbao Limited.

Note 7: 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 Dungbao Limited.

Save as disclosed above, as at 30 September 2016, the Company had not been notified by any persons (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

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

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE PRACTICES

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

AUDIT COMMITTEE

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

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

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

Other Information (Continued)

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 2016 Annual Report are set out below:

1. Mr. Hu Baoyue retired as an executive Director of the Company on 21 September 2016.

Please refer to the announcement on 21 September 2016 for details.

2. Mr. Kwan Ngai Kit resigned as an executive Director of the Company and Mr. Xie Xiaotao was appointed as an executive Director of the Company on 3 October 2016.

Please refer to the announcement on 3 October 2016 for details and biographies of Mr. Xie Xiaotao.

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

Hong Kong, 29 November 2016

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