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Vision Fame International Holding Limited

允升國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1315)

DISCLOSEABLE TRANSACTION

THE AGREEMENT

On 20 January 2020, the Vendor (a wholly-owned subsidiary of the Company) and the Purchaser entered into the Agreement, pursuant to which, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Share (which represents the entire issued share capital of the Target Company) and the Sale Loan at the aggregate Consideration of RMB8,000,001 (equivalent to approximately HK\$8,950,400).

LISTING RULES IMPLICATION

As one of the applicable percentage ratios calculated in respect of the Disposal in accordance with the Listing Rules exceeds 5% but all of the percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

CONTINUED SUSPENSION OF TRADING

All dealing in the Shares has been suspended since 3 December 2018. Trading in the Shares will remain suspended until further notice pending fulfilment of the conditions stated in the resumption guidance and such other further conditions that may be imposed by the Stock Exchange. The Company will keep the Shareholders and the public informed of the latest developments by making further announcement(s) as and when appropriate.

INTRODUCTION

On 20 January 2020, the Vendor (a wholly-owned subsidiary of the Company) and the Purchaser entered into the Agreement, pursuant to which, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Share (which represents the entire issued share capital of the Target Company) and the Sale Loan at the aggregate Consideration of RMB8,000,001 (equivalent to approximately HK\$8,950,400).

Principal terms of the Agreement are set out below.

THE AGREEMENT

Date: 20 January 2020

Parties: (i) Silver Sky Worldwide Holdings Limited, a wholly-owned subsidiary of the Company, as vendor; and
(ii) Jiangyin Meihong Plastic Electronics Co.,Ltd.* (江陰美虹塑膠電子有限公司), as purchaser.

The Purchaser was established in the PRC with limited liability and is principally engaged in the manufacturing and trading of electronic components. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Assets to be disposed of

Pursuant to the Agreement, the assets to be disposed of by the Vendor are the Sale Share and the Sale Loan.

The Sale Share represents the entire issued share capital of the Target Company. The Sale Loan represents the outstanding loan owing by the Target Company to the Vendor (the “**Shareholder’s Loan**”) as at the date of the Agreement. As at 31 December 2019, the outstanding Shareholder’s Loan was approximately HK\$224.3 million.

Further information of the Target Group is set out under the section headed “Information of the Target Group” below in this announcement.

Consideration

The aggregate Consideration is RMB8,000,001 (equivalent to approximately HK\$8,950,400), which is comprised of the Sale Share Consideration of RMB8,000,000 (equivalent to approximately HK\$8,950,400) and the Sale Loan Consideration of RMB1 (equivalent to approximately HK\$1.12). The Sale Share Consideration was determined with reference to the net assets of the Target Group of approximately HK\$7.6 million as at 31 December 2019 (excluding the outstanding Shareholder's Loan of approximately HK\$224.3 million). The Sale Loan Consideration was determined at a nominal value of RMB1 having considered that (i) the substantial accumulated losses of the Target Group of approximately HK\$203.4 million as at 31 December 2019; (ii) the graphene production business is still under development and mass production has yet to be launched, despite that the development has been commenced since 2016; (iii) the trading business of the Target Group has been suspended since 2018; (iv) the Target Group did not generate any revenue after the suspension of the trading business; and (v) unless the performance of the Target Group can be improved substantially, the recovery of any material part of the Shareholder's Loan would be unlikely.

The Sale Share Consideration shall be paid by the Purchaser in cash to the Vendor in the following manner:

- (i) RMB5,000,000 shall be paid upon Completion; and
- (ii) RMB3,000,000, being the balance of the Sale Share Consideration, shall be paid on the earlier of (a) the 3rd Business Day after completion of the change of legal representative, director and ultimate shareholder of Wuxi Taike at the SAIC (where applicable) and (b) 28 February 2020.

The Sale Loan Consideration shall be paid by the Purchaser in cash to the Vendor upon Completion.

Conditions precedent

Completion is conditional upon the fulfillment (or waiver, as the case may be) of the following conditions:

- (i) the obtaining of all consents which are necessary or desirable in respect of the Agreement and the transactions contemplated thereunder;
- (ii) none of the representations, warranties and undertakings given by the Purchaser or the Vendor (as the case may be) being found to be, or no event occurring or matter arising which may render or renders any of the representations, warranties and undertakings given by the Purchaser or the Vendor (as the case may be), untrue or inaccurate or misleading on and as at the Completion Date; and

(iii) the execution of the Agreement and the transactions contemplated thereunder having been complied with all applicable requirements under the Listing Rules, including obtaining shareholders' approval if necessary.

Save for conditions (i) and (ii) which can be waived by the Vendor (in respect of the representations, warranties and undertakings given by the Purchaser) or by the Purchaser (in respect of the representations, warranties and undertakings given by the Vendor), none of the above conditions can be waived. If the above conditions have not been satisfied or waived (as the case may be) on or before the Long Stop Date, the Agreement shall lapse with immediate effect and the parties to the Agreement are released from all liabilities and obligations under the Agreement, and no parties shall make any claim against the other in respect thereof, save for any antecedent breach.

Other salient terms

The Purchaser has also unconditionally and irrevocably undertaken that it will procure the relevant members of the Target Group to continue the legal proceedings against a previous customer of Wuxi Taike (the "**Previous Customer**") in the PRC (the "**Proceedings**") at the cost of the relevant members of the Target Group to recover the impaired trade receivables of Wuxi Taike. The Purchaser shall not, and shall procure the members of the Target Group not to, effect, make, propose or offer any settlement or compromise of the Proceedings without the prior written consent of the Vendor. The Vendor shall have the sole conduct and control on behalf of the Purchaser or other member of the Purchaser's group (including the Target Group after Completion) of the Proceedings and without prejudice to the generality of the foregoing, the Vendor shall in its absolute discretion be entitled to withdraw, avoid, dispute, resist, settle, compromise, defend or appeal the Proceedings and the Purchaser shall not do and shall procure that no member of the Purchaser's group (including the Target Group after Completion) shall do anything inconsistent therewith.

The Purchaser shall and shall procure that each member of the Purchaser's group shall give to the Vendor all such information and assistance as the Vendor may reasonably require in respect of the Proceedings, including without limitation instructing any such solicitors, counsel or other professional advisers as the Vendor may nominate to act on behalf of the Purchaser or other member of the Purchaser's group (including the Target Group after Completion) but in accordance with the Vendor's instructions.

The parties to the Agreement have agreed that the Vendor shall be entitled to 50% of any and all awards and benefits obtained from the Proceedings by the relevant members of the Target Group within 3 years after the date of the Agreement. Such awards and benefits shall be payable by the Purchaser to the Vendor within 10 Business Days after the receipt of such awards and benefits.

Completion

Completion shall take place on the Completion Date (being the Business Day on which the last of the conditions of the Agreement are satisfied or waived) or such other day as the parties to the Agreement may agree.

Upon Completion, the Target Group will cease to be subsidiaries of the Company and financial results of the Target Group will no longer be consolidated into the consolidated financial statements of the Group.

INFORMATION OF THE TARGET GROUP

Set out below is the shareholding structure of the Target Group as at the date of the Agreement:



The Target Company was incorporated in BVI with limited liability and is wholly owned by the Vendor as at the date of the Agreement. China Carbon was incorporated in Hong Kong with limited liability. Both of the Target Company and China Carbon are investment holding companies and do not have any material assets other than the equity interests in their respective subsidiary(ies). Wuxi Taike is a company established in the PRC on 4 February 2015 and is principally engaged in the development of the graphene production business and trading of materials.

Financial information of the Target Group

Set out below is the consolidated financial information of the Target Group prepared in accordance with the Hong Kong Financial Reporting Standards for the two years ended 31 March 2018 and 31 March 2019:

	For the year ended 31 March	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Revenue	—	246,532
Loss before taxation	139,312	31,642
Loss after taxation	139,312	31,642

The revenue for the year ended 31 March 2018 was mainly generated from the trading of titanium dioxide powder. No sales were recognised from the trading business for the year ended 31 March 2019 and accordingly the Target Group did not generate any revenue during the year.

The Target Group had unaudited consolidated net liabilities of approximately HK\$216.7 million as at 31 December 2019 (including the outstanding Shareholder's Loan of approximately HK\$224.3 million) or unaudited consolidated net assets of approximately HK\$7.6 million as at 31 December 2019 (excluding such amount of the outstanding Shareholder's Loan).

FINANCIAL EFFECT OF THE DISPOSAL

The Company expects to record a gain of approximately HK\$0.8 million from the Disposal, being the Consideration less the unaudited consolidated net assets of the Target Group of approximately HK\$7.6 million as at 31 December 2019 (excluding the outstanding Shareholder's Loan) and the estimated expenses in relation to the Disposal. Such calculation is only an estimate provided for illustrative purposes and the actual gain or loss on the Disposal will be subject to further review by the auditors of the Company.

INTENDED USE OF PROCEEDS

The proceeds from the Disposal, net of estimated expenses attributable thereto, is estimated to be approximately HK\$8.4 million and will be applied to the general working capital of the Group.

REASONS FOR THE DISPOSAL

The Group is principally engaged in (i) provision of building construction services, property maintenance services, alterations, renovation, upgrading and fitting-out works services; (ii) graphene production; and (iii) trading of materials.

References are made to the announcements of the Company dated 16 November 2018, 19 November 2018, 30 November 2018, 9 January 2019, 24 January 2019, 8 March 2019, 6 June 2019, 13 June 2019, 23 August 2019, 3 September 2019 and 3 December 2019 (the “**Previous Announcements**”).

As mentioned in the Previous Announcements, an incident that unauthorised pledge of the bank deposit of Wuxi Taike in the sum of RMB100 million to guarantee the indebtedness of Jiangyin Youjia Pearlescent Mica Co., Ltd.* (江陰市友佳珠光雲母有限公司) for its obtaining of credit facilities (the “**Incident**”) was uncovered in November 2018. As the Board was required to pay more time and effort to follow up and resolve the Incident, the development of the graphene production business carried out by the Target Group has therefore been affected. Having considered that (i) the graphene production business is still under development and mass production has yet to be launched; (ii) the trading business of the Target Group has been suspended since 2018 in view of the amount of trade receivables past due and therefore the Board would like to mitigate further risk involved; (iii) the Target Group did not generate any revenue after the suspension of the trading business; and (iv) the continuous losses made by the Target Group, the Board therefore considers that it is no longer justified the allocation of resources to the Target Group’s business, and the Disposal represents an opportunity for the Group to exit its loss making investments and improve its financial position by removing the net liabilities and the net losses of the Target Group.

Wuxi Taike had conducted certain trading business with the Previous Customer, which resulted in trade receivables of approximately RMB62.1 million (equivalent to approximately HK\$69.5 million) payable by the Previous Customer. While the trade receivables had past due, the Directors considered that it was unlikely the trade receivables would be duly settled, accordingly such amount of trade receivables had been recognised as impairment and Wuxi Taike has launched the Proceedings against the Previous Customer for the purpose of recovering the impaired trade receivables. As the Proceedings have been already launched by the Target Group, the Purchaser has agreed to continue the Proceedings and share part of the awards and benefits that may be received from the Proceedings.

Having considered the above reasons, the Directors consider that the terms of the Agreement (including the Consideration) are fair and reasonable, and the Disposal is in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATION

As one of the applicable percentage ratios calculated in respect of the Disposal in accordance with the Listing Rules exceeds 5% but all of the percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

CONTINUED SUSPENSION OF TRADING

All dealing in the Shares has been suspended since 3 December 2018. Trading in the Shares will remain suspended until further notice pending fulfilment of the conditions stated in the resumption guidance and such other further conditions that may be imposed by the Stock Exchange. The Company will keep the Shareholders and the public informed of the latest developments by making further announcement(s) as and when appropriate.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Agreement”	the conditional sale and purchase agreement dated 20 January 2020 and entered into between the Vendor and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Business Day”	any day (other than Saturday or Sunday) on which commercial banks are open for business in Hong Kong
“BVI”	the British Virgin Islands
“China Carbon”	China Carbon Valley Technology Group Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company, which owns the entire equity interests in Wuxi Taike
“Company”	Vision Fame International Holding Limited, a company incorporated in Cayman Islands with limited liability and the issued Shares are listed on the Main Board of the Stock Exchange (stock code: 1315)
“Completion”	the completion of the Disposal pursuant to the terms and conditions of the Agreement

“Completion Date”	the Business Day on which the last of the conditions of the Agreement are satisfied or waived (or other day as the parties to the Agreement may agree)
“Consideration”	the aggregate consideration comprising of the Sale Share Consideration and the Sale Loan Consideration
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share and the assignment of the Sale Loan pursuant to the terms and conditions of the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	29 January 2020, being the 5th Business Day after the date of the Agreement, or such other date as the parties to the Agreement may agree in writing
“PRC”	the People’s Republic of China, which shall, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Purchaser”	Jiangyin Meihong Plastic Electronics Co., Ltd.* (江陰美虹塑膠電子有限公司), a company established in the PRC with limited liability
“SAIC”	the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商管理管理局)
“Sale Loan”	the outstanding loan owing by the Target Company to the Vendor, which amounted to approximately HK\$224.3 million as at 31 December 2019
“Sale Loan Consideration”	the consideration for the assignment of the Sale Loan
“Sale Share”	one share of US\$1.00 in the share capital of the Target Company, being the entire issued share capital of the Target Company as at the date of the Agreement

“Sale Share Consideration”	the consideration for the sale and purchase of the Sale Share
“Share(s)”	ordinary share(s) of HK\$0.002 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Pure Fountain Holdings Limited, a company incorporated in BVI with limited liability
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Silver Sky Worldwide Holdings Limited, a company incorporated in BVI with limited liability, a wholly-owned subsidiary of the Company
“Wuxi Taike”	Wuxi Taike Nano New Material Co. Ltd* (無錫泰科納米新材料有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Target Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

For ease of reference, sums in HK\$ and RMB in this announcement are translated at the rate of RMB1 = HK\$1.1188. This does not mean that RMB could be converted into HK\$ or vice versa based on such exchange rate or at any other rates or at all.

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

Hong Kong, 20 January 2020

As at the date of this announcement, 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.

* *For identification purpose only*