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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 AND CONTINUING CONNECTED
TRANSACTION IN RELATION TO PROVISION OF DEPOSIT PLEDGE**

PROVISION OF DEPOSIT PLEDGE

On 23 August 2018, Wuxi Taike, a wholly-owned subsidiary of the Company, pledged the 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 (《開立銀行承兌匯票合同》) entered into between Jiangyin Youjia and the Pledgee Bank to obtain credit facilities of up to an aggregate amount of RMB100 million for a period from 17 August 2018 to 17 August 2019.

IMPLICATIONS OF THE TRANSACTION UNDER THE LISTING RULES

Since one or more of the applicable percentage ratios in respect of the Deposit Pledge Contracts exceeded 5% but less than 25%, the entering into of the Deposit Pledge Contracts by Wuxi Taike to guarantee the indebtedness of Jiangyin Youjia constituted a discloseable transaction of the Company and was therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Mr. Dai became a substantial shareholder of the Company on 3 February 2016 and was an executive Director and the Co-chairman of the Board from 1 March 2017 to 6 September 2018. Therefore, Mr. Dai was a connected person (as defined under the Listing Rules) of the Company under Rule 14A.07(1) of the Listing Rules during the period from 3 February 2016 to end of 12 months after Mr. Dai ceased to be a Director.

Based on the publicly available records, Mr. Dai held more than 30% shareholding interest in China Crystal and therefore indirectly controlled Jiangyin Youjia during the period from the listing of China Crystal on 28 January 2016 to 2 December 2018. As such Jiangyin Youjia was an associate of Mr. Dai during the aforesaid period, and the entering into of the Deposit Pledge Contracts by Wuxi Taike to guarantee the indebtedness of Jiangyin Youjia constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules and was subject to the reporting, announcement and independent shareholders' approval requirements.

However, as the then Directors (except for Mr. Dai) did not have any knowledge of the Deposit Pledge Contracts when the Deposit Pledge Contracts were entered into, the Company failed to report, announce and obtain independent shareholders' approval in relation to the transaction in time and thus is in breach of the Listing Rules.

Given that the Deposit Pledge Contracts with the Pledgee Bank have expired and the deposit pledge in the sum of RMB100 million under the Deposit Pledge Contracts with the Pledgee Bank were released on 23 August 2019, the Board will not put forward a resolution at a general meeting of the Company to ratify the entering into of the Deposit Pledge Contracts by Wuxi Taike to guarantee the indebtedness of Jiangyin Youjia.

Reference is made 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 (the “**Resumption Conditions Announcement**”) 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 in 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, (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 independent third party, and (vi) the announcement of the Company dated 13 March 2020 in relation to the key findings of the forensic review and internal control review (the “**Key Findings Announcement**”, together, the “**Prior Announcements**”).

Capitalised terms used herein shall have the same meanings as those defined in the Prior Announcements unless the context requires otherwise.

DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTION

The Board would like to inform the Shareholders the following discloseable and continuing connected transaction between Wuxi Taike and Jiangyin Youjia was brought to the attention of the Board as a result of the failure by the auditor of the Company, Ernst & Young, to obtain a confirmation from a bank which Wuxi Taike maintains its account in November 2018 and based on the findings of the forensic review conducted by PricewaterhouseCoopers Management Consulting (Shanghai) Limited. Details of the key findings of the forensic review were disclosed in the Key Findings Announcement.

PROVISION OF DEPOSIT PLEDGE

As disclosed in the Company's announcements dated 16 and 19 November 2018, Wuxi Taike, a wholly-owned subsidiary of the Company, pledged the bank deposit of Wuxi Taike in the sum of RMB100 million under deposit pledge contracts (the "**Deposit Pledge Contracts**") on 23 August 2018 to guarantee the indebtedness of Jiangyin Youjia for the opening bank acceptance bill contracts (《開立銀行承兌匯票合同》) entered into between Jiangyin Youjia and the Pledgee Bank to obtain credit facilities of up to an aggregate amount of RMB100 million for a period from 17 August 2018 to 17 August 2019.

The Deposit Pledge Contracts with the Pledgee Bank have expired and the deposit pledge in the sum of RMB100 million under the Deposit Pledge Contracts with the Pledgee Bank were released on 23 August 2019.

Details of the Deposit Pledge Contracts were disclosed in the Company's announcements dated 16, 19 and 30 November 2018, 24 January 2019 and 23 August 2019.

INFORMATION OF THE PARTIES

Wuxi Taike is a company established in the PRC on 4 February 2015 and was principally engaged in the development of the graphene production business and trading of materials before the disposal of its indirect holding company by the Group. Details of such disposal were disclosed in the Company's announcements dated 20 and 22 January 2020. The disposal of Wuxi Taike had been completed on 28 February 2020.

Based on the publicly available records, Jiangyin Youjia was established in the PRC on 3 July 2003 and is principally engaged in the manufacturing and trading of mica. Jiangyin Youjia is owned as to 100% by Jiangyin Ruijia Mica Technologies Co., Ltd (江陰瑞加合成雲母科技有限公司) ("**Jiangyin Ruijia**") as at the date of this announcement. The directors of Jiangyin Youjia are Ms. Dai Zhongqiu (a daughter of Mr. Dai), Mr. He Yuelun, and Mr. Liu Yufeng. Jiangyin Ruijia Mica Technologies Co., Ltd is an indirect wholly-owned subsidiary of China Crystal New Material Holdings (中國晶體新材料控股) ("**China Crystal**"), a company listed on the Korean Securities Dealers Automated Quotations (KOSDAQ) with stock code 900250:KS. During the period from the listing of China Crystal on 28 January 2016 to 2 December 2018, Mr. Dai held more than 30% shareholding interest in China Crystal and therefore indirectly controlled Jiangyin Youjia. Mr. Dai was also a director and the legal representative of Jiangyin Youjia from 3 July 2003 to 14 September 2018.

REASONS FOR THE TRANSACTION

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

As disclosed in the announcements dated 16 and 19 November 2018, the then Directors (except for Mr. Dai) were not informed of the entering into of the Deposit Pledge Contracts by Wuxi Taike. This matter was brought to the attention of the then Directors after the failure of Ernst & Young, the auditor of the Company, to obtain a confirmation from the Pledgee Bank in November 2018 and the investigation conducted by the supervisor of Wuxi Taike as designated by the Board. Further details of the transactions relating to the Deposit Pledge Contracts, together with other key findings by the Forensic Team were disclosed in the Key Findings Announcement.

IMPLICATIONS OF THE TRANSACTION UNDER THE LISTING RULES

Since one or more of the applicable percentage ratios in respect of the Deposit Pledge Contracts exceeded 5% but less than 25%, the entering into of the Deposit Pledge Contracts by Wuxi Taike to guarantee the indebtedness of Jiangyin Youjia as mentioned under the section headed “PROVISION OF DEPOSIT PLEDGE” constituted a discloseable transaction of the Company and was therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Mr. Dai became a substantial shareholder of the Company on 3 February 2016 and was an executive Director and the Co-chairman of the Board from 1 March 2017 to 6 September 2018. Therefore, Mr. Dai was a connected person (as defined under the Listing Rules) of the Company under Rule 14A.07(1) of the Listing Rules during the period from 3 February 2016 to end of 12 months after Mr. Dai ceased to be a Director.

Based on the publicly available records, Mr. Dai held more than 30% shareholding interest in China Crystal and therefore indirectly controlled Jiangyin Youjia during the period from the listing of China Crystal on 28 January 2016 to 2 December 2018. As such Jiangyin Youjia was an associate of Mr. Dai during the aforesaid period, and the entering into of the Deposit Pledge Contracts by Wuxi Taike to guarantee the indebtedness of Jiangyin Youjia constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules and was subject to the reporting, announcement and independent shareholders’ approval requirements.

However, as the then Directors (except for Mr. Dai) did not have any knowledge of the Deposit Pledge Contracts when the Deposit Pledge Contracts were entered into, the Company failed to report, announce and obtain independent shareholders’ approval in relation to the transaction mentioned above in time and thus is in breach of the Listing Rules.

The Company admits its failure to timely comply with the relevant requirements under the Listing Rules and has taken steps to rectify the breach as soon as practicable, including by way of making this announcement. The Company had strengthened its internal controls by engaging an internal control adviser to review and enhance its internal control system, particularly those policies and measures relating to compliance with the Listing Rules as regards connected transactions.

Given that the Deposit Pledge Contracts with the Pledgee Bank have expired and the deposit pledge in the sum of RMB100 million under the Deposit Pledge Contracts with the Pledgee Bank were released on 23 August 2019, the Board will not put forward a resolution at a general meeting of the Company to ratify the entering into of the Deposit Pledge Contracts by Wuxi Taike to guarantee the indebtedness of Jiangyin Youjia.

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.

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

Hong Kong, 24 March 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.