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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)

UNAUDITED KEY FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2020

The board (the “Board”) of directors (the “Directors”) of Vision Fame International Holding Limited (the “Company”) hereby announces the unaudited key financial information of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2020, together with the audited comparative figures for the year ended 31 March 2019:

	2020	2019
	HK\$’000	HK\$’000
	(Unaudited)	(Audited)
Revenue	5,706,689	1,237,444
Loss attributable to owners of the Company	<u>(29,888)</u>	<u>(145,451)</u>
Loss for the year	<u>(29,888)</u>	<u>(145,451)</u>
Total assets	1,115,438	733,226
Total liabilities	(997,001)	(581,943)
Total equity	<u>118,437</u>	<u>151,283</u>
Total equity attributable to owners of the Company	<u>118,437</u>	<u>151,283</u>

The Board wishes to emphasise that the unaudited key financial information set out above is extracted from the Group’s unaudited draft management accounts and is subject to changes.

Shareholders and potential investors should note that the above unaudited key financial information of the Group has not been reviewed or audited by the Auditor. The unaudited key financial information set out above is only based on the preliminary assessment of the Board after reviewing the unaudited draft management accounts of the Group for the year ended 31 March 2020, and is not based on any

other data or information that has been audited or reviewed by the Auditor. The Board cannot guarantee that the unaudited key financial information set out above truly reflects the financial performance and position of the Group and such information might be misleading if any potential adjustments have not been taken into account. Shareholders and potential investors should note that the annual results of the Company for the year ended 31 March 2020 may significantly differ from the disclosure in this announcement.

Shareholders and potential investors should exercise extreme caution when considering the unaudited key financial information disclosed above and when dealing in the Shares of the Company.

BUSINESS REVIEW

Results of the Group

The Group recorded total revenue of approximately HK\$5,707 million for the financial year ended 31 March 2020 (“Fy2020”), compared to revenue of approximately HK\$1,237 million for the financial year ended 31 March 2019 (“Fy2019”). The fluctuations in revenue and segment results are further discussed in the Results of Operations section below.

The loss attributable to shareholders of the Company for Fy2020 is approximately HK\$29.9 million (Fy2019: approximately HK\$145.4 million). The significant decrease in loss was mainly attributable to no impairment was made for Fy2020 on property, plant and equipment and trade receivables as compared to approximately HK\$112.4 million of impairment losses were recognised for Fy2019.

Results of Operations

(i) *Building Construction*

Building construction segment recorded revenue of approximately HK\$203 million (Fy2019: approximately HK\$278 million) for Fy2020. Segment profit decreased from approximately HK\$25.8 million in Fy2019 to approximately HK\$17.1 million in Fy2020.

The decrease in segment revenue was in line with the decrease in number of building construction projects in progress during Fy2020.

The decrease in the segment profit was mainly attributable to a full swing operation of two large scale building construction projects in Hong Kong that had contributed more segment profit in Fy2019.

(ii) *Alterations, Renovation, Upgrading and Fitting-out (“A&A”) Works*

Revenue for the A&A works segment for Fy2020 was approximately HK\$229 million (Fy2019: approximately HK\$422 million) and segment profit was approximately HK\$12.7 million (Fy2019: approximately HK\$7.1 million).

The decrease in the segment revenue from A&A works was mainly attributable to the recognition of more revenue from a large scale A&A works project secured in early 2018 in Hong Kong with contract value of approximately HK\$262 million which was in full swing operation in Fy2019. As such, the decrease in segment revenue was in line with the decrease in the numbers of A&A works projects in progress during Fy2020.

On the contrary, increase in segment profit was mainly attributable to additional construction costs in Fy2019 for completion of a large scale A&A works project secured in 2016.

(iii) *Property Maintenance*

Revenue for the property maintenance segment increased from approximately HK\$538 million in Fy2019 to approximately HK\$691 million in Fy2020 and segment profit decreased from approximately HK\$31.3 million in Fy2019 to approximately HK\$30.7 million in Fy2020.

The property maintenance projects mainly included maintenance works for public sectors. The increase in segment revenue was mainly attributable to two large scale long term property maintenance contracts, with total contract value of approximately HK\$1,695 million, which were in full swing operation in Fy2020. The two large scale long term property maintenance contracts had contributed approximately 86% of segment revenue during Fy2020.

On the contrary, decline in segment profit was mainly attributable to additional operating costs of a large scale long term property maintenance project in Fy2020.

(iv) *Trading of Materials*

This segment was previously referred to as “Graphene Production and Trading of Materials”. Upon completion of disposal of Wuxi Taike Nano New Material Co. Ltd (“Wuxi Taike”)* (無錫泰科納米新材料有限公司), the former subsidiary of the Company solely performing the graphene production business, in February 2020, the Group no longer engages in graphene production business.

The Company has appointed Mr. Zhu Xiaodong as executive Director on 2 September 2019 and the Group has diversified its trading businesses, such as trading of iron ores, cast iron and coal for Fy2020.

Revenue for this segment for Fy2020 included sales of materials of approximately HK\$4,584 million (Fy2019: Nil) and no revenue was recorded for sales of graphene (Fy2019: approximately HK\$66,000).

For trading of materials business, the Group mainly sells iron ores, cast iron and coal, which was used in steelmaking. The sales of graphene for Fy2019 represented sales of samples to research institutes and manufacturers in the nanometer-scaled/metals material industry for application test purposes.

Segment loss was approximately HK\$20.4 million (Fy2019: approximately HK\$140.9 million), which was mainly attributable to the administrative expenses incurred by the graphene production business before its disposal in February 2020.

Disposal of Wuxi Taike

After the resignation of the Company's former executive Director, Mr. Dai Jialong ("Mr. Dai") on 7 September 2018, and the revelation of the pledge of bank deposit of RMB100 million of Wuxi Taike, a former wholly foreign-owned subsidiary of the Company in the People's Republic of China, without the acknowledgement and authorization of the Board, in favor of a company controlled by Mr. Dai, the Company's attention and efforts were drawn to the relevant investigation, and the release of the deposit pledge.

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

The Board and the Audit Committee's views on the audit qualifications for the year ended 31 March 2019 regarding Wuxi Taike

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, 6 March 2020 and 3 June 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, the announcement of the Company dated 13 May 2020 in relation to the interim results for the six months ended 30 September 2018, the interim report of the Company for the six months ended 30 September 2018, the announcement of the Company dated 13 May 2020 in relation to the annual results for the year ended 31 March 2019, the annual report of the Company for the year ended 31

March 2019, the announcement of the Company dated 13 May 2020 in relation to the interim results for the six months ended 30 September 2019 and the interim report of the Company for the six months ended 30 September 2019;

- (v) the announcements of the Company dated 20 and 22 January 2020 in relation to the disposal of Wuxi Taike by the Group to an independent third party (the “Disposal Announcements”);
 - (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”), the supplemental announcement of the Company dated 20 April 2020 in relation to internal control review (the “Internal Control Review Supplemental Announcement”) and the supplemental announcement of the Company dated 12 May 2020 in relation to the view of the Audit Committee on the key findings of the forensic review and integrity of the Directors (the “Second Key Findings Announcement”);
 - (vii) the announcement of the Company dated 24 March 2020 in relation to the discloseable and continuing connected transaction regarding the provision of the deposit pledge (the “Discloseable and Continuing Connected Transaction Announcement”); and
 - (viii) the announcement of the Company dated 28 April 2020 in relation to the establishment of risk management committee and appointment of compliance officer.
- ((i) to (viii) 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.

The Directors have discussed with the Auditor in relation to the audit qualifications, and the Directors understand that the audit qualifications are unavoidable due to the limitations encountered by the Forensic Team and the Auditor. The view of the Audit Committee on the adequacy of the Forensic Review is set out in the Second Key Findings Announcement.

As announced in the Prior Announcements, the deposit pledge under the Deposit Pledge Contracts was released on 23 August 2019 and Wuxi Taike was disposed of to an independent third party on 28 February 2020. Mr. Dai and the then management of Wuxi Taike have left the Group in 2018. As such, the major audit issues surrounding Wuxi Taike, including the incident relating to the Deposit Pledge Contracts and various transactions with the potential related parties, do not have impact on the Group since the disposal of Wuxi Taike and accordingly, the impact of Wuxi Taike’s business and operations is no longer of concern to the Company.

The Company has also completed the internal control review and implemented enhanced internal control measures based on the recommendations of the Internal Control Consultant to improve the Company’s controls surrounding the audit issues in the Disclaimer, including the adoption of corporate governance code and connected transactions policy, establishment of the Risk Management Committee and the appointment of the compliance officer in April 2020.

Based on the above, the Board is of the view, of which the Audit Committee concurs, that the audit issues underlying the basis of the Disclaimer have been addressed and resolved. Please also refer to the Board's response to the Disclaimer as set out on pages 35 to 37 of the 2019 Annual Report.

Since Wuxi Taike was part of the Group during the year ended 31 March 2020 before its disposal on 28 February 2020, as discussed with the Auditor, the Board is of the view that (i) certain audit issues underlying the basis of the Disclaimer will be repeated in the annual results of the Group for the year ended 31 March 2020, although such audit issues underlying the basis of the Disclaimer are not expected to impact on the Group as at 31 March 2020; (ii) except for the probable modification on the comparative figures for the year ended 31 March 2020, the audit issues underlying the basis of the Disclaimer are not expected to be repeated in the financial statements of the Group for the year ending 31 March 2021 as Wuxi Taike will no longer be part of the Group for the year ending 31 March 2021.

The Auditor has confirmed that it agrees with the Board's assessment that based on the information available, the Disclaimer contained in the 2019 Annual Report would not have carryover impact on the Group upon completion of the disposal of Wuxi Taike.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the unaudited key financial information of the Group for the year ended 31 March 2020.

REVIEW OF UNAUDITED KEY FINANCIAL INFORMATION

Due to the outbreak of the COVID-19 pandemic, travel and other restrictions have been imposed by governments in the PRC and in Singapore, both of which are among the major operation locations of the Group. Although business activities are generally resuming following the relaxation of certain restrictive measures, restrictions including travel control and mandatory quarantine requirements are still in place. As such, the Company requires additional time to gather necessary information in respect of its major operations in the PRC and Singapore.

In view of the foregoing practical difficulties, the Company's audit planning, scheduling and procedures are affected by the COVID-19 pandemic and the Company therefore cannot issue the audited annual results for the year ended 31 March 2020 (the "2020 Audited Annual Results") by 30 June 2020.

Due to the above difficulties as well as other factors including the negotiation of audit fee and audit timetable, the Company is still in the process of negotiating with the Auditor about its engagement for the 2020 Audited Annual Results. As an alternative plan, the Company has obtained another external audit firm's audit proposal for the 2020 Audited Annual Results.

The Company plans to consider and adopt the audit proposal(s) available in early July 2020, and strives to arrange the audit works regarding its operation in Hong Kong to be completed during July 2020. With the hopes that travel restriction may be relaxed in the coming month(s), the Company targets the

audit works regarding its operations in the PRC and Singapore to be conducted and completed during late July and early August 2020, and expects the 2020 Audited Annual Results will be published by 31 August 2020.

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.

* *For identification purpose only*

By Order of the Board
Vision Fame International Holding Limited
CHAU CHIT
Chairman and Chief Executive Officer

Hong Kong, 30 June 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.