Vision Fame International Holding Limited
允升國際控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1315)

AUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2021

AUDITED ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of Vision Fame International Holding Limited (the "Company") announces the audited consolidated annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2021, together with the comparative figures for the year ended 31 March 2020:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Note	**2021** *HK$'000*	2020 *HK$'000*
Revenue	*4*	**5,236,876**	6,246,513
Cost of sales and services		**(5,156,282)**	(6,101,080)
Gross profit		**80,594**	145,433
Other income		**29,818**	11,912
Other (losses) and gains		**(3,876)**	(11,869)
Selling expenses		**(25,694)**	(39,242)
Administrative expenses		**(57,210)**	(97,102)
Profit from operations		**23,632**	9,132
Finance costs	*6*	**(12,243)**	(13,526)
Profit/(loss) before tax		**11,389**	(4,394)
Income tax expenses	*7*	**(6,282)**	(14,571)
Profit/(loss) for the year	*8*	**5,107**	(18,965)

	Note	2021 HK$'000	2020 HK$'000
Other comprehensive income for the year, net of tax:			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**15,119**	(14,624)
Exchange differences reclassified to profit and loss on disposal of subsidiaries		**—**	14,130
Other comprehensive income for the year, net of tax		**15,119**	(494)
Total comprehensive income for the year		**20,226**	(19,459)
Profit/(loss) for the year attributable to:			
Owners of the Company		**7,216**	(18,965)
Non-controlling interest		**(2,109)**	—
		5,107	(18,965)
Total comprehensive income for the year attributable to:			
Owners of the Company		**22,335**	(19,459)
Non-controlling interests		**(2,109)**	—
		20,226	(19,459)
Earnings/(loss) per share	*10*		
Basic (HK cents per share)		**0.12**	(0.32)
Diluted (HK cents per share)		**0.12**	(0.32)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	Note	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment		**4,058**	2,631
Right-of-use assets		**3,603**	4,917
Financial assets at fair value through other comprehensive income		**—**	6,000
		7,661	13,548
Current assets			
Inventories		**44,107**	4,358
Trade and other receivables	*11*	**315,468**	574,972
Contract assets		**281,981**	344,327
Financial assets at fair value through profit or loss		**1,059**	13,881
Pledged bank deposits		**59,769**	59,266
Bank and cash balances		**148,801**	28,634
		851,185	1,025,438
Current liabilities			
Trade and other payables	*12*	**385,925**	432,121
Lease liabilities		**3,075**	3,124
Contract liabilities		**32,515**	192,159
Convertible bond	*14*	**—**	21,434
Amounts due to related parties		**24,784**	337
Amount due to a director		**1,700**	1,000
Loans from a related party	*13*	**243,009**	—
Other loans		**3,255**	—
Current tax liabilities		**11,433**	11,612
		705,696	661,787
Net current assets		**145,489**	363,651
Total assets less current liabilities		**153,150**	377,199

	Note	**2021**	2020
		HK$'000	*HK$'000*
Non-current liabilities			
Loans from a related party	*13*	**—**	243,009
Accruals and other payables	*12*	**487**	487
Lease liabilities		**608**	1,879
		1,095	245,375
NET ASSETS		**152,055**	131,824
Capital and reserves			
Equity attributable to owners of the Company			
Share capital		**12,000**	12,000
Equity component of a convertible bond	*14*	**—**	11,746
Reserves		**142,159**	108,078
		154,159	131,824
Non-controlling interest		**(2,104)**	—
TOTAL EQUITY		**152,055**	131,824

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. GENERAL INFORMATION

Vision Fame International Holding Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law (Revised) of the Cayman Islands. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is Room 2001 & 10, 20/F., No. 118 Connaught Road West, Hong Kong. The Company's shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Company are investment holding.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provision of the Rules Governing the Listing of Securities on the Stock Exchange and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are to be disclosed in the annual report for the year ended 31 March 2021 ("2021 Annual Report").

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. The 2021 Annual Report provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

Going concern basis

On 8 March 2021, the Company received a demand letter dated 3 March 2021 (the "Demand Letter") from the legal adviser of Mr. Wong Law Fai, the managing director of Wan Chung Construction Company Limited ("Wan Chung"), an indirect wholly-owned subsidiary of the Company, in relation to two loan agreements both dated 1 December 2013 and an advance agreement dated 30 October 2016, all made between Mr. Wong Law Fai as lender and Wan Chung as borrower. It is stated in the Demand Letter, among other things, that:

(a) the latest loan maturity date is 30 September 2021;

(b) an event of default has occurred under the loan agreements and the advance agreement due to the resignation of Mr. So Kwok Lam, a director of Wan Chung, on 1 February 2021 whose resignation would become effective on 1 April 2021;

(c) the total amount owed by Wan Chung to Mr. Wong Law Fai is in the sum of HK$201,152,177 together with the interest thereon (the "Wan Chung Outstanding Loan");

(d) Mr. Wong Law Fai is prepared to withhold demanding repayment of the Wan Chung Outstanding Loan if the Company procures Wan Chung to pay Mr. Wong Law Fai enhanced interest on the Wan Chung Outstanding Loan at the rate of 38% commencing on 1 April 2021 and such enhanced interest shall be calculated daily on a compound basis based on the actual number of days elapsed; and

(e) if Wan Chung does not repay the Wan Chung Outstanding Loan as demanded, legal or winding-up proceedings will be commenced against Wan Chung without further notice.

As at 31 March 2021, the Group's total borrowings due to Mr. Wong Law Fai amounted to approximately HK$243,009,000 while its cash and cash equivalents amounted to approximately HK$148,801,000 only.

As at the date of approval of these consolidated financial statements, the Group has not yet repaid the Wan Chung Outstanding Loan or any enhanced interest on the Wan Chung Outstanding Loan to Mr. Wong Law Fai.

These events and conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business.

The directors have estimated the Group's cash requirements by preparing a Group cashflow forecast for the 18 months ending 30 September 2022.

The directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for 18 months ending 30 September 2022, on the assumption that the Company would reach an extension agreement regarding the loans due to Mr. Wong Law Fai before the loan maturity date of 30 September 2021.

After taking into account of the Group's bank deposits and cash balances amounting to HK$209 million as at 31 March 2021 and the Group's ability for generating operating cash, the directors are optimistic that Mr. Wong Law Fai will accept the repayment proposals put forward/to be put forward by the Group. As such the directors consider it reasonable to assume that the Company will successfully extend the loans due to Mr. Wong Law Fai.

The directors therefore considered it appropriate to adopt the going concern basis in preparing these consolidated financial statements.

Should the Group be unable to operate as a going concern in the foreseeable future, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The Group has applied the Amendments to Reference to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendments to HKFRS 16, COVID-19 Related Rent Concessions.

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments had no impact on the consolidated financial statements.

Amendments to HKFRS 3 Definition of a Business

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 April 2020. The application of the amendments had no impact on the consolidated financial statements.

Amendment to HKFRS 16, COVID-19-Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("COVID-19 Related Rent Concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19 Related Rent Concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 April 2020.

(b) New and revised HKFRSs in issue but not yet effective

Other than the Amendments to HKFRS 16, COVID-19 Related Rent Concessions, the Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2020. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3 Reference to the Conceptual Framework	1 April 2022
Amendments to HKAS 16 Property, plant and equipment: proceeds before intended use	1 April 2022
Amendments to HKAS 37 Onerous contracts — cost of fulfilling a contract	1 April 2022
Annual Improvements to HKFRSs 2018–2020 Cycle	1 April 2022
Amendments to HKAS 1 Classification of Liabilities as Current or Non-current	1 April 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. REVENUE

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major service line for the year is as follows:

	2021	2020
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major service lines		
— Building construction and other construction related business	**173,133**	202,282
— Alterations, renovation, upgrading and fitting-out works	**285,983**	236,931
— Property maintenance	**639,764**	683,513
— Trading of materials	**4,137,996**	5,123,787
	5,236,876	6,246,513

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major service lines and geographical regions:

For the year ended 31 March	Building construction and other construction related business		Alterations, renovation, upgrading and fitting-out works		Property maintenance		Trading of materials		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Primary geographical markets										
Hong Kong	**7,306**	11,084	**274,857**	229,171	**639,764**	683,513	**—**	—	**921,927**	923,768
PRC except Hong Kong	**—**	—	**—**	—	**—**	—	**4,137,996**	5,123,787	**4,137,996**	5,123,787
Singapore	**165,827**	191,198	**11,126**	7,760	**—**	—	**—**	—	**176,953**	198,958
Revenue from external customers	**173,133**	202,282	**285,983**	236,931	**639,764**	683,513	**4,137,996**	5,123,787	**5,236,876**	6,246,513
Timing of revenue recognition										
Goods and services transferred at a point in time	**—**	—	**—**	—	**—**	—	**4,137,996**	5,123,787	**4,137,996**	5,123,787
Services transferred over time	**173,133**	202,282	**285,983**	236,931	**639,764**	683,513	**—**	—	**1,098,880**	1,122,726
Total	**173,133**	202,282	**285,983**	236,931	**639,764**	683,513	**4,137,996**	5,123,787	**5,236,876**	6,246,513

(b) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2021 and the expected timing of recognising revenue as follows:

	Construction contracts	
	2021	2020
	HK$'000	*HK$'000*
Within one year	**996,340**	1,056,505
More than one year	**893,641**	1,409,026
	1,889,981	2,465,531

5. SEGMENT INFORMATION

The Group has four (2020: four) operating segments as follows:

(a) Building construction and other construction related business

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

(c) Property maintenance

(d) Trading of materials

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include unallocated administrative expenses, certain other income, other gains and losses, finance costs and income tax expense. Segment assets do not include current tax assets, financial assets at fair value through profit or loss, certain other receivables, pledged bank deposit and bank and cash balances. Segment non-current assets do not include financial assets at fair value through other comprehensive income, certain property, plant and equipment and certain right-of-use assets. Segment liabilities do not include convertible bond, certain lease liabilities, amounts due to related parties, amount due to a director, loans from a related party, certain trade and other payables, current tax liabilities.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

(i) Information about reportable segments profit or loss, assets and liabilities:

	Building construction and other construction related business *HK$'000*	**Alterations, renovation, upgrading and fitting-out works** *HK$'000*	**Property maintenance** *HK$'000*	**Trading of materials** *HK$'000*	**Total** *HK$'000*
Year ended 31 March 2021					
Revenue from external customers	**173,133**	**285,983**	**639,764**	**4,137,996**	**5,236,876**
Segment profit/(loss)	**(9,769)**	**4,610**	**53,671**	**10,708**	**59,220**
Interest revenue	**3**	**461**	**3,856**	**—**	**4,320**
Depreciation	**—**	**—**	**950**	**24**	**974**
Capital expenditure	**—**	**—**	**2,803**	**10**	**2,813**
At 31 March 2021					
Segment assets	**88,130**	**69,205**	**224,237**	**266,507**	**648,079**
Segment liabilities	**69,767**	**69,091**	**163,748**	**104,843**	**407,449**

	Building construction and other construction related business *HK$'000*	Alterations, renovation, upgrading and fitting-out works *HK$'000*	Property maintenance *HK$'000*	Trading of materials *HK$'000*	Total *HK$'000*
Year ended 31 March 2020					
Revenue from external customers	202,282	236,931	683,513	5,123,787	6,246,513
Segment profit	16,200	14,704	35,924	12,163	78,991
Interest revenue	127	708	5,984	1,952	8,771
Depreciation	417	6	422	3,796	4,641
Capital expenditure	—	8	47	762	817
At 31 March 2020					
Segment assets	84,994	78,326	281,521	479,212	924,053
Segment liabilities	52,637	56,788	184,174	321,257	614,856

(ii) Reconciliations of reportable segments:

Revenue and profit or loss:

	2021	2020
	HK$'000	*HK$'000*
Revenue		
Consolidated revenue	**5,236,876**	6,246,513
Profit or loss		
Total profit of reportable segments	**59,220**	78,991
Unallocated amounts:		
Unallocated other income	**25,498**	3,141
Other losses	**(3,876)**	(11,869)
Administrative expenses	**(57,210)**	(61,131)
Finance costs	**(12,243)**	(13,526)
Consolidated profit/(loss) before tax	**11,389**	(4,394)

Assets and liabilities:

	2021	2020
	HK$'000	*HK$'000*
Assets		
Total assets of reportable segments	**648,079**	924,053
Unallocated amounts:		
Unallocated head office and corporate assets	**210,767**	114,933
Consolidated total assets	**858,846**	1,038,986
Liabilities		
Total liabilities of reportable segments	**407,449**	614,856
Unallocated amounts:		
Unallocated head office and corporate liabilities	**299,342**	292,306
Consolidated total liabilities	**706,791**	907,162

(iii) Geographical information:

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue		Non-current assets	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**921,927**	923,768	**4,503**	6,663
PRC except Hong Kong	**4,137,996**	5,123,787	**50**	59
Singapore	**176,953**	198,958	**3,108**	826
Consolidated total	**5,236,876**	6,246,513	**7,661**	7,548

(iv) Revenue from major customers:

	2021	2020
	HK$'000	*HK$'000*
Trading of materials segment		
Customer A	**829,567**	—
Customer B	**775,798**	2,021,616
Customer C#	**N/A**	1,355,314
Customer D#	**N/A**	672,665
Building construction and other construction related business and property maintenance segments		
Customer E	**771,457**	699,013

Revenue from this customer amounted to less than 10% of the total revenue of the Group for the year ended 31 March 2021.

6. FINANCE COSTS

	2021	2020
	HK$'000	*HK$'000*
Interest on loans from a related party	**9,234**	9,445
Interest on bank loans and other loans (including a convertible bond)	**2,825**	2,765
Interest expenses on lease liabilities	**184**	1,316
	12,243	13,526

7. INCOME TAX EXPENSES

Income tax has been recognised in profit or loss as follows:

	2021	2020
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax		
Provision for the year	**4,326**	3,073
Under/(over)-provision in prior year	**13**	(9)
	4,339	3,064
Current tax — PRC Enterprise Income Tax		
Provision for the year	**1,388**	11,507
Under-provision in prior year	**555**	—
	1,943	11,507
	6,282	14,571

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in these regions.

Under the two-tiered profits tax regime, profits tax rate for the first HK$2 million of assessable profits of qualifying corporations established in Hong Kong will be lowered to 8.25% (2020: 8.25%), and profits above that amount will be subject to the tax rate of 16.5%. For the other Hong Kong established subsidiaries, Hong Kong Profit Tax has been provided at a rate 16.5% (2020: 16.5%) on the estimated assessable profits.

PRC Enterprise Income Tax has been provided at a rate of 25% (2020: 25%).

Tax charge on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

8. PROFIT/(LOSS) FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	2021	2020
	HK$'000	*HK$'000*
Auditor's remuneration	**1,700**	1,580
Cost of services provided	**1,054,880**	1,062,717
Cost of inventories sold	**4,101,593**	5,038,363
Depreciation of property, plant and equipment	**1,977**	6,350
Depreciation of right-of-use assets	**3,892**	16,967
Net foreign exchange (losses)/gains	**(2,881)**	314
Gain/(loss) on disposals of property, plant and equipment	**23**	(2,777)
Gain on disposals of right-of-use assets	**4**	—
Expenses relating to short-term lease and leases of low value assets	**1,497**	1,440

9. DIVIDENDS

The directors do not recommend the payment for any dividend for the year ended 31 March 2021 (2020: Nil).

10. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share is based on the following:

	2021	2020
	HK$'000	*HK$'000*
Earnings/(loss) for the purpose of calculating basic and diluted earnings per share	**7,216**	(18,965)

Number of shares	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings/(loss) per share	**6,000,000**	6,000,000

11. TRADE AND OTHER RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**151,487**	405,816
Less: allowance for doubtful debts	**—**	—
	151,487	405,816
Prepayments	**153,840**	159,595
Deposits and other receivables	**10,141**	9,561
	163,981	169,156
	315,468	574,972

The Group's trading terms with other customers are mainly based on the contract terms. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2021	2020
	HK$'000	*HK$'000*
0 to 90 days	**151,440**	402,405
91 to 180 days	**—**	—
181 to 365 days	**—**	3,411
Over 365 days	**47**	—
	151,487	405,816

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2021	2020
	HK$'000	*HK$'000*
Hong Kong dollar ("HK$")	**35,462**	49,037
Singapore dollar ("SGD")	**13,249**	15,757
Renminbi ("RMB")	**102,776**	341,022
Total	**151,487**	405,816

As at 31 March 2021, approximately HK$7,585,000 (2020: HK$4,700,000) of deposits were pledged to certain insurance companies to secure the performance bonds.

12. TRADE AND OTHER PAYABLES

	2021	2020
	HK$'000	*HK$'000*
Trade payables	**142,889**	197,363
Retention monies payables	**50,418**	51,172
	193,307	248,535
Accruals and other payables	**193,105**	184,073
Less: non-current portion	**(487)**	(487)
	192,618	183,586
	385,925	432,121

The aging analysis of trade payables based on the date of receipt of goods, is as follows:

	2021	2020
	HK$'000	*HK$'000*
0 to 90 days	**140,942**	195,074
91 to 180 days	**388**	17
181 to 365 days	**223**	2,004
Over 365 days	**1,336**	268
	142,889	197,363

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2021	2020
	HK$'000	*HK$'000*
HK$	**61,283**	50,055
SGD	**23,350**	20,404
RMB	**20,377**	100,503
United States dollar ("USD")	**37,879**	26,401
Total	**142,889**	197,363

13. LOANS FROM A RELATED PARTY

The loans from a related party represent loans from Mr. Wong Law Fai, a director of certain subsidiaries of the Company. The loans are unsecured, interest bearing at 3.80% per annum and repayable in September 2021.

14. CONVERTIBLE BOND

On 3 February 2016, the Company issued a convertible bond with a principal amount of HK$24,000,000 to Mega Start Limited ("Mega Start"), which is a substantial shareholder and a company wholly owned by Mr. Chau Chit (being the chairman and an executive director of the Company). The convertible bond bears no interest and the outstanding principal amount of the convertible bond shall be converted into ordinary shares of the Company in full mandatorily at the initial conversion price of HK$0.3 per conversion share (which was revised to HK$0.06 per conversion share after the share subdivision on 3 May 2016), if and only if, the gross profits of the new graphene business of the Group for the two financial years ended 31 March 2017 and 2018 exceed HK$300 million in aggregate. Unless the conversion conditions are met and converted, the convertible bond shall be redeemed at the principal amount on the maturity date, which is 5 years after the date of issue.

At 31 March 2018, the conversion condition was not satisfied as the gross profits of the new graphene business of the Group for the two financial years ended 31 March 2017 and 2018 did not exceed HK$300 million in aggregate and the mandatory conversion should not take place. The convertible bond should be redeemed in full upon maturity.

On the maturity date, Mega Start and the Company agreed to transfer the principal amount of the convertible bond to amounts due to related parties.

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

The convertible bond issued had been split into the liability and equity components as follows:

	2021	2020
	HK$'000	*HK$'000*
Nominal value	**24,000**	24,000
Liability component		
At beginning of year	**21,434**	18,739
Interest expense	**2,566**	2,695
Transfer to amounts due to related parties	**(24,000)**	—
At 31 March	**—**	21,434
Equity component		
At beginning of year	**11,746**	11,746
Transfer to accumulated losses	**(11,746)**	—
At 31 March	**—**	11,746

MANAGEMENT DISCUSSION AND ANALYSIS

Results of the Group

The Group recorded total turnover of approximately HK$5,237 million for the financial year ended 31 March 2021 ("Fy2021"), compared to turnover of approximately HK$6,247 million for the financial year ended 31 March 2020 ("Fy2020"). As a result of decrease in turnover as wells as gross profit margin, the Group recorded a decrease in gross profit of approximately HK$64.8 million, from approximately HK$145.4 million in Fy2020 to approximately HK$80.6 million in Fy2021.

The decrease in gross profit was offset by the aggregate amount of decrease in selling expenses, administrative expenses, finance costs and income tax expenses.

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

The profit attributable to shareholders of the Company for Fy2021 is approximately HK$7.2 million (Fy2020: loss of approximately HK$19.0 million). The decrease in loss/turning into profit was mainly attributable to the increase in other income, gains and losses of approximately HK$25.9 million, which was mainly attributable to receipt of COVID-19 related government subsidies of approximately HK$24.4 million.

Basic earnings per share for Fy2021 is approximately HK0.12 cent (Fy2020: loss per share of approximately HK0.32 cent).

The Board does not recommend any payment of dividends for Fy2021 (Fy2020: Nil).

Results of Operations

(i) ***Building Construction***

Revenue for the building construction segment decreased by approximately HK$29 million from approximately HK$202 million for Fy2020 to approximately HK$173 million for Fy2021.

Segment profit decreased from last year approximately HK$16.2 million to segment loss for Fy2021 approximately HK$9.8 million.

The decrease in the segment revenue was mainly attributable to a full swing operations of a large scale building construction project and a substantial completion of another large scale building construction project in Singapore in Fy2020 that had contributed more segment revenue in Fy2020 and also attributable to work interruption resulting from outbreak of COVID-19 decelerated the progress of existing projects in Fy2021.

Segment profit decreased from Fy2020 to segment loss in Fy2021 was primarily attributable to additional project costs incurred of the large scale building construction project in Singapore in Fy2021.

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

Revenue for the A&A works segment in Fy2021 was approximately HK$286 million (Fy2020: approximately HK$237 million).

The increase in segment revenue was in line with the increase in number of A&A works projects in progress during the year. The average contract sum of A&A works projects in progress for the year was amounted to approximately HK$402 million (Fy2020: approximately HK$348 million). The increase in the segment revenue from A&A works segment was mainly attributable to the recognition of more revenue from several large scale A&A works projects in Hong Kong which were in full swing operations in Fy2021.

Segment profit from A&A works decreased from Fy2020 approximately HK$14.7 million to Fy2021 approximately HK$4.6 million was partly due to overrun of subcontracting costs which could not be recovered for completion of large scale A&A works projects in Fy2021 and partly due to the outbreak of COVID-19 pandemic leading to a delay in work progress resulting in an increase in project costs in Fy2021.

(iii) ***Property Maintenance***

Revenue for the property maintenance segment decreased from approximately HK$684 million in Fy2020 to approximately HK$640 million in Fy2021 and segment profit increased from approximately HK$36 million in Fy2020 to approximately HK$54 million in Fy2021.

The property maintenance projects mainly included maintenance works for public sectors. The decrease in segment revenue between years was mainly attributable to a large scale long term property maintenance contract, with contract value of approximately HK$780 million secured in early 2017, which was in the final stage in Fy2021 that had contributed less segment revenue between the years.

On the contrary, increase in segment profit was primarily attributable to less construction costs for the large scale property maintenance project in Fy2021. In addition, the increase in segment profit was partly offset by the outbreak of COVID-19 resulting an increase in projects overhead costs between years.

(iv) ***Trading of Materials***

Revenue for this segment for Fy2021 included sales of materials of approximately HK$4,138 million (Fy2020: HK$5,124 million).

Since the year of 2019, the Group has diversified its trading businesses, such as trading of iron ores, cast iron and coal.

Segment profit was approximately HK$10.7 million (Fy2020: approximately HK$12.2 million).

BUSINESS OVERVIEW AND PROSPECT

Construction related businesses

Hong Kong's construction industry experienced a contraction in 2020. This was caused by Coronavirus (COVID-19) outbreak and the subsequent lockdown measures.

In 2021, the Group expects a gentle recovery in the construction industry as there would be an improvement in global economic conditions as well as the government investment on infrastructure projects.

While the ongoing development and distribution of vaccines do provide us with a constructive prospect in the second half of 2021, the diminishing job opportunities in the private building sector and the extreme price competition have kept our profit margin at a low level.

2021 would be a challenging year for all construction companies. The Group would focus on operation costs control so as to keep the Group competitive in the market. Additionally, the Group will explore other construction business opportunities in order to lower our business risk.

Having braved through the difficult months of the COVID-19 pandemic in year 2020, the Group is gradually picking up pace in its resumption of works to about 80% of operational capacity compared to pre-COVID. Safe Management Measures (SMM) is instilled in our everyday operation as preventive measures against the potent virus.

The knock-on effects of the pandemic has also accumulated to a severe manpower crunch in the Singapore construction industry, as a portion of the foreign labour return home and restrictions are set against bringing in new foreign workers. Such precautionary measures, while necessary, has resulted in rocketing manpower cost and lack of manpower on-site. The Group is working closely with the Singapore authorities to safely bring in new workers and to manage its current workforce to increase productivity.

The COVID-19 pandemic has taught us that we have to be ready for all kinds of situation and by investing in the core of our business- people, we will be well-equipped to tackle all sorts of problems along the way. The Group is also steadily adopting more digital technologies wherever practically sound to improve on efficiency and effectiveness.

Trading of materials business

I. **Rationality of the existence of trade agent market:** Given that domestic iron and steel enterprises purchase iron ore from foreign iron ore enterprises through a dual system, some qualified large steel enterprises implement the Benchmark Prices, while small unqualified steel enterprises adopt the Spot Prices that is higher than the Benchmark Prices. The international trade of iron ore is characterized by strong professionalism, frequent market fluctuations and unstable supply, which is extremely risky for buyers. Therefore, most small iron and steel enterprises entrust trader agents to import iron ore, and some large iron and steel enterprises with direct purchase agreements also entrust reputable trader agents to import iron ore, so as to ensure the stability of iron ore supply. This is the value of the existence of the iron ore trade agent market.

II. Industry Status and Trend

1. Policy factor: according to the *Outline of 14th Five-Year Plan for the Development of Iron Ore Industry* issued by China, it is clearly required that the growth of iron ore industry shall increase 70% by 2021, which have made each local government correspondingly introduce local policies to improve the industry penetration.

2. Economic factor: currently, the market size of iron ore has reached RMB500 billion, with a steady upward trend of the overall market. With the effective control of the epidemic, the demand for the iron and steel industry has increased, which was driven by gradual implementation of major national infrastructure projects and the recovery of the demand of downstream markets like automobile. It has increased the profit of the steel and improved the enthusiasm of the iron and steel enterprises to increase production, thereby generating strong demand for iron ores. The trade of iron ore and even the steel industry will continuously have a strong development under the effect of China's macro policies.

III. Development plan of the Company's business (partly selected from the business plan)

The Company's corporate development goal: we will establish a port of ore blending integration platform based on modern supply chain management. Through scientific blending of ore, the final blended ore products can meet the production demand of various steel enterprises, so as to provide stable raw material supply guarantee for iron and steel enterprises. The Company will strive to develop into a core supply chain enterprise of large domestic iron and steel enterprises. Through the advantages of call auction, the Company will save logistics costs in multiple logistics links such as import order, shipping, port yard, scientific ore blending and inland transshipment. In the future, the Company will become a professional **iron ore product and service integrator** and **service and product agent in iron ore industry**. It will develop a supply chain management software system with independent intellectual property rights, by using modern network information technology and listed company platform, so as to realize the integration of supply chain in the industry, optimize the cost, and achieve the smooth coordination of logistics, capital flow and information flow, as well as obtaining greater revenue from management services for the Company.

The trading business continued to generate income and contribute profit to the Group. Looking forward, the Group would continue to explore and strive to diversify and develop its trading businesses in 2021.

Liquidity and Financial Resources

As at 31 March 2021, the current assets and current liabilities were stated at approximately HK$851.2 million (as at 31 March 2020: approximately HK$1,025.4 million) and approximately HK$705.7 million (as at 31 March 2020: approximately HK$661.8 million), respectively. The current ratio maintained at 1.21 times as at 31 March 2021 (as at 31 March 2020: 1.55 times). The current ratio is calculated by dividing current assets with current liabilities as at the end of the respective period. As at 31 March 2021, the Group had total cash and bank deposits of approximately HK$208.6 million (as at 31 March 2020: approximately HK$87.9 million).

As at 31 March 2021, total interest-bearing loans amounted to approximately HK$246.3 million (as at 31 March 2020: approximately HK$243.0 million). The Group's net cash deficit as at 31 March 2021 (the sum of pledged bank deposits, restricted cash and bank and cash less interest-bearing bank and other borrowings in current portion) was approximately HK$37.7 million (as at 31 March 2020: net cash balance of approximately HK$87.9 million).

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. As at 31 March 2021, the Group had obtained credit facilities for operating use purposes from various banks up to a maximum amount of approximately HK$154 million (as at 31 March 2020: approximately HK$154 million) and approximately HK$14.1 million (as at 31 March 2020: approximately HK$24.8 million) of the credit facilities has been utilized.

As at 31 March 2021, the gearing ratio of the Group was approximately 28.7% (as at 31 March 2020: approximately 23.4%). 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 for operating use, the Group has sufficient liquidity and financial resources to satisfy the financial requirements of its existing businesses.

Reference should also be made to the "going concern basis" in Note 2 to the consolidated financial statements for the year ended 31 March 2021 in this announcement.

Pledge of Assets

At the end of the reporting period, the following assets are pledged to banks and insurance companies to secure the banking facilities and performance bonds granted to the Group:

	31 March 2021	31 March 2020
	HK$'000	*HK$'000*
Pledged for securing the Group's banking facilities and performance bond		
Other receivables	**7,585**	4,700
Financial assets at fair value through profit or loss	**—**	12,032
Bank deposits	**59,769**	59,266
Total	**67,354**	75,998

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

There was no material acquisition or disposal of subsidiaries or associated companies by the Group in Fy2021.

Principal Risks and Uncertainties

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Risks relating to constructions related segments

(i) The Group's construction works are labour-intensive in nature. In the event that there is a significant increase in the costs and demand of labour, the Group's staff cost and/or subcontracting cost will increase and thus lower its profitability. On the other hand, if the Group or its subcontractors fail to retain the Group's existing labour and/or recruit sufficient labour in a timely manner to cope with the Group's existing or future projects, the Group may not be able to complete the Group's projects on schedule and within budget, the Group's operations and profitability may be adversely affected.

(ii) The Group needs to estimate the time and costs involved in projects in order to determine the fee. There is no guarantee that the actual amount of time and costs would not exceed the Group's estimation during the performance of the jobs. The actual amount of time and costs involved in completing the jobs may be adversely affected by many factors, including adverse weather conditions, accidents, breakdown of machinery and equipment, unforeseen site conditions. Any material inaccurate estimation in the time and costs involved in a job may adversely affect the profit margin and results of operations of the Group.

(iii) The projects undertaken by the Group are mostly on a case by case basis. As such, our revenue derived from such projects is not recurring in nature and we cannot guarantee that our customers will provide us with new business after the completion of the current projects. The Group has to go through the competitive tendering process to secure new project works. In the event we are unable to maintain business relationship with existing customers or unable to price our tender competitively, our business and hence our revenue will be adversely affected.

Risks relating to trading segment

(i) The trading profit margin is relatively low and hence any significant impairment of trade receivables, and abnormal fluctuations of trading prices and exchange rates would affect the operating result of the Company.

Financial 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.

Contingent Liabilities

At the end of each reporting period, the Group had provided the following guarantees:

	31 March 2021	31 March 2020
	HK$'000	*HK$'000*
Guarantees in respect of performance bonds in favor of its clients	**94,216**	101,226

Movement of incomplete contracts for the year ended 31 March 2021

	31 March 2020	**Contracts Secured**	**Contracts Completed**	**31 March 2021**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Building Construction	1,102,485	317,505	(142,022)	1,277,968
Property Maintenance	2,415,392	11,496	(67,898)	2,358,990
Alteration, Renovation, Upgrading and Fitting-Out Works	275,357	366,747	(113,417)	528,687
	3,793,234	695,748	(323,337)	4,165,645

Employees and Remuneration Policies

As at 31 March 2021, the Group employed a total of 440 staff (as at 31 March 2020: 330 staff) which included Hong Kong, Macau, Singapore and Mainland China employees. The total remuneration for staff was approximately HK$122 million for Fy2021 (Fy2020: approximately HK$127 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 consist 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.

DIVIDEND

The Board does not recommend the payment of final dividend in respect of the year ended 31 March 2021 (2020: Nil). No interim dividend was declared for the six months ended 30 September 2020 (2019: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICE

The Directors consider that incorporating the elements of good corporate governance in the management structures and internal control procedures of the Group could balance the interests of the shareholders, customers and employees of the Company. During the year ended 31 March 2021, the Board had adopted the principles and the code provisions as set out in Corporate Governance Code and Corporate Governance Report (the "CG Code") in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

In accordance with the requirements of the Listing Rules, the Company has established an audit committee, a remuneration committee and a nomination committee with specific written terms of reference and made such terms of reference available on the websites of the Stock Exchange and the Company.

Save as disclosed below, during the year ended 31 March 2021, the Company had complied with the CG Code as set out in Appendix 14 to the Listing Rules.

Roles of the chairman and the chief executive

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

The roles of the chairman and the CEO of the Company were not separated and were performed by the same individual, Mr. Chau Chit during the year.

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

Financial reporting, Risk management and internal control

The Company has engaged internal control consultant to conduct internal control reviews, has set up Risk Management Committee to assist the Board to oversee the risk management system carried out by the management on an ongoing basis, and has appointed a compliance officer to advise on and assist the Board in overseeing the compliance of laws and regulations by the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"). Specific enquiry has been made to each of the Directors and all Directors have confirmed that they had complied with the Model Code during the year ended 31 March 2021.

EVENT AFTER THE REPORTING PERIOD

Reference is made to the Company's announcement ("Announcement") dated 1 June 2021 regarding the Company's proposal ("Right Issue Proposal") to raise not more than HK$30 million before expenses by way of the Rights Issue to the Shareholders (on the basis that no Shares are issued or repurchased on or before the Record Date). The Rights Issue is not underwritten and involves the issue of up to 1,500,000,000 Rights Shares (on the basis that no Shares are issued or repurchased on or before the Record Date) at the Subscription Price of HK$0.02 per Rights Share on the basis of one (1) Rights Share for every four (4) existing Shares in issue on the Record Date. Mega Start, as at the date of this announcement, is interested in an aggregate of 600,000,000 Shares, representing 10% of the total number of the existing issued Shares. Mega Start has irrevocably undertaken to the Company that, among others, it will accept or procure the acceptance of the Rights Shares to be provisionally allotted to it under the Rights Issue of 150,000,000 Rights Shares (being all of the assured entitlement of Mega Start under the Rights Issue based on the existing shareholding structure of the Company, assuming that there will not be any change to the shareholding structure from the date of the Announcement up to and including the Record Date). Up to the date of this result announcement, the Right Issue Proposal is in progress.

Except for disclosed above, there is no other event after the reporting period that should be notified to the shareholders of the Company.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the accounting standards and practices adopted by the Group and discussed with the management about the internal control and financial reporting matters, including reviewing the interim financial information for the six months ended 30 September 2020 and the consolidated financial statements and annual results for the year ended 31 March 2021.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2021 as set out in the preliminary announcement have been agreed by the Company's auditor, RSM Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and consequently no assurance has been expressed by the Company's auditor on the preliminary announcement.

EXTRACTS FROM INDEPENDENT AUDITOR'S REPORT

The followings are extracted from the independent auditors report on the consolidated financial statements of the Group for the year ended 31 March 2021.

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Vision Fame International Holding Limited (the "Company") and its subsidiaries (the "Group") set out in the 2021 Annual Report, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

We draw attention to the "Basis of Preparation" section in the 2021 Annual Report.

On 8 March 2021, the Company received a demand letter dated 3 March 2021 (the "Demand Letter") from the legal adviser of Mr. Wong Law Fai, the managing director of Wan Chung Construction Company Limited ("Wan Chung"), an indirect wholly-owned subsidiary of the Company, in relation to two loan agreements both dated 1 December 2013 and an advance agreement dated 30 October 2016, all made between Mr. Wong Law Fai as lender and Wan Chung as borrower. It is stated in the Demand Letter, among other things, that:

(a) the latest loan maturity date is 30 September 2021;

(b) an event of default has occurred under the loan agreements and the advance agreement due to the resignation of Mr. So Kwok Lam, a director of Wan Chung, on 1 February 2021 whose resignation would become effective on 1 April 2021;

(c) the total amount owed by Wan Chung to Mr. Wong Law Fai is in the sum of HK$201,152,177 together with the interest thereon (the "Wan Chung Outstanding Loan");

(d) Mr. Wong Law Fai is prepared to withhold demanding repayment of the Wan Chung Outstanding Loan if the Company procures Wan Chung to pay Mr. Wong Law Fai enhanced interest on the Wan Chung Outstanding Loan at the rate of 38% commencing on 1 April 2021 and such enhanced interest shall be calculated daily on a compound basis based on the actual number of days elapsed; and

(e) if Wan Chung does not repay the Wan Chung Outstanding Loan as demanded, legal or winding-up proceedings will be commenced against Wan Chung without further notice.

As at 31 March 2021, the Group's total borrowings due to Mr. Wong Law Fai amounted to approximately HK$243,009,000 while its cash and cash equivalents amounted to approximately HK$148,801,000 only.

As at the date of approval of these consolidated financial statements, the Group has not yet repaid the Wan Chung Outstanding Loan or any enhanced interest on the Wan Chung Outstanding Loan to Mr. Wong Law Fai.

These events and conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business.

In view of these circumstances, the directors have estimated the Group's cash requirements by preparing a Group cashflow forecast for the 18 months ending 30 September 2022. The directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for the 18 months ending 30 September 2022, on the assumption that the Company would reach an extension agreement regarding the loans due to Mr. Wong Law Fai before the loan maturity date of 30 September 2021. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the successful outcome of loan extension negotiations with Mr. Wong Law Fai.

Should the Group be unable to operate as a going concern in the foreseeable future, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

We consider that the going concern basis of preparation of the consolidated financial statements has been adequately disclosed in the consolidated financial statements. Up to the date of our report, no extension agreement has been reached with Mr. Wong Law Fai regarding the loans due to him. In view of the extent of the uncertainty relating to the successful outcome of loan extension negotiations with Mr. Wong Law Fai as described above, we were unable to obtain sufficient appropriate audit evidence in relation to the adoption of the going concern basis in preparing the consolidated financial statements.

Comparative Figures

Had we not disclaimed our opinion in respect of the matters described in the "Basis for Disclaimer of Opinion" section above, we would otherwise have modified our opinion in respect of the scope limitation relating to the comparative figures as described in this section.

The Group's consolidated financial statements for the year ended 31 March 2020 form the basis for the comparative figures presented in the current year's consolidated financial statements.

As disclosed in the 2021 Annual Report, on 28 February 2020 (the "Date of Disposal"), the Group completed the disposal of Wuxi Taike Nano New Material Company Limited and its immediate and intermediate holding companies (collectively "Wuxi Taike Group") with a loss on disposal of HK$8,462,000 recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2020. The loss on disposal of HK$8,462,000 was calculated based on the management accounts of Wuxi Taike Group as at the Date of Disposal. Details of the assets and liabilities of Wuxi Taike Group as at the Date of Disposal, and the consolidated profit and loss and cash flows of Wuxi Taike Group for the period from 1 April 2019 to the Date of Disposal are set out in the 2021 Annual Report.

As the Group was unable to access the books and records of Wuxi Taike Group subsequent to the Date of Disposal, we were unable to obtain sufficient appropriate audit evidence relating to the financial statements of Wuxi Taike Group and there were no alternative audit procedures that we could satisfy ourselves that:

(a) the carrying amounts in respect of the assets and liabilities of Wuxi Taike Group at the Date of Disposal as set out in the 2021 Annual Report were free from material misstatement;

(b) the loss on disposal of HK$8,462,000 for the year ended 31 March 2020 was fairly stated;

(c) the Group's share of the results of operations of Wuxi Taike Group for the period from 1 April 2019 to the Date of Disposal as set out in the 2021 Annual Report was fairly stated;

(d) the Group's share of cash flows movement of Wuxi Taike Group for the period from 1 April 2019 to the Date of Disposal as set out in the 2021 Annual Report was fairly stated; and

(e) the completeness of the disclosure of all related party transactions in relation to Wuxi Taike Group for the period from 1 April 2019 to the Date of Disposal had been properly accounted for in the consolidated financial statements.

Any adjustments found to be necessary to these amounts might affect the Group's financial performance, changes in equity, cash flows and the related disclosures in the notes to the consolidated financial statements for the year ended 31 March 2020.

THE BOARD'S RESPONSE TO THE AUDITOR'S OPINION

The directors have estimated the Group's cash requirements by preparing a Group cashflow forecast for the 18 months ending 30 September 2022.

The directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for 18 months ending 30 September 2022, on the assumption that the Company would reach an extension agreement regarding the loans due to Mr. Wong Law Fai before the loan maturity date of 30 September 2021.

After taking into account of the Group's bank deposits and cash balances amounting to HK$209 million as at 31 March 2021 and the Group's ability for generating operating cash, the Directors are optimistic that Mr. Wong Law Fai will accept the repayment proposals put forward/to be put forward by the Group. As such the Directors consider it reasonable to assume that the Company will successfully extend the loans due to Mr. Wong Law Fai.

The Directors therefore considered it appropriate to adopt the going concern basis in preparing these consolidated financial statements.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT

This annual results announcement is published on the Company's website (http://www.visionfame.com) and the Stock Exchange's website (http://www.hkex.com.hk). The 2021 Annual Report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and available on the same websites in due course.

* *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 2021

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Chau Chit and Mr. Zhu Xiaodong; and three independent non-executive directors, namely Mr. Tam Tak Kei Raymond, Dr. Wong Lee Ping and Mr. Wong Wai Kwan.