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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Vision Fame International Holding Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2018, together with the comparative figures for the corresponding period in 2017:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the six months ended 30 September 2018

		Six months ended 30 September	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
REVENUE	*3*	**602,126**	516,292
Cost of sales		**(568,441)**	(491,672)
Gross profit		**33,685**	24,620
Other income and gains		**9,304**	5,435
Administrative expenses		**(39,257)**	(31,380)
Research and development costs		**(5,863)**	(4,015)
Other operating losses		**(97,527)**	(4,486)
Finance costs	*4*	**(6,142)**	(1,986)
LOSS BEFORE TAX	*5*	**(105,800)**	(11,812)
Income tax expense	*6*	**(3,192)**	(1,741)
LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		**(108,992)**	(13,553)

	Notes	Six months ended 30 September **2018** *HK$'000* **(Unaudited)**	2017 *HK$'000* (Unaudited)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Changes in fair value		**—**	(1,521)
Exchange differences:			
Reclassification adjustment for deregistration of foreign operations during the period		**(896)**	—
Exchange differences on translation of foreign operations		**(23,034)**	13,887
		(23,930)	13,887
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		**(23,930)**	12,366
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX		**(23,930)**	12,366
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		**(132,922)**	(1,187)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*7*		
— Basic and diluted (HK cents)		**(1.82)**	(0.23)

Condensed Consolidated Statement of Financial Position

At 30 September 2018

	Notes	**30 September 2018** *HK$'000* **(Unaudited)**	31 March 2018 *HK$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**63,371**	100,401
Available-for-sale investments		**—**	3,530
Prepayments, deposits and other receivables		**2,095**	14,842
Total non-current assets		**65,466**	118,773
CURRENT ASSETS			
Inventories		**338**	345
Gross amount due from contract customers		**—**	9,741
Trade receivables	*9*	**177,800**	295,413
Contract assets		**232,784**	—
Prepayments, deposits and other receivables		**91,003**	89,955
Debt investments at fair value through other comprehensive income		**20,033**	—
Financial assets at fair value through profit or loss		**14,079**	—
Available-for-sale investments		**—**	20,033
Tax recoverable		**106**	125
Pledged bank deposits and restricted cash		**171,566**	57,651
Cash and cash equivalents		**59,319**	245,619
Total current assets		**767,028**	718,882
CURRENT LIABILITIES			
Gross amount due to contract customers		**—**	12,267
Trade payables	*10*	**239,499**	195,676
Other payables and accruals		**135,371**	22,512
Amounts due to related parties	*11*	**2,369**	39
A loan from a related party	*11*	**5,033**	20,559
Tax payable		**6,260**	2,917
Interest-bearing bank and other borrowings	*12*	**—**	9,759
Total current liabilities		**388,532**	263,729
NET CURRENT ASSETS		**378,496**	455,153
TOTAL ASSETS LESS CURRENT LIABILITIES		**443,962**	573,926

	Notes	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
NON-CURRENT LIABILITIES			
Convertible bond	*13*	**17,521**	16,383
Loans from a related party	*11*	**243,009**	243,009
Other payables and accruals		**487**	487
Total non-current liabilities		**261,017**	259,879
Net assets		**182,945**	314,047
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**12,000**	12,000
Equity component of convertible bond	*13*	**11,746**	11,746
Other reserves		**159,199**	290,301
Total equity		**182,945**	314,047

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2018

1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares have been listed on The Stock Exchange of Hong Kong Limited with effect from 18 January 2012.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institutes of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2018.

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2018.

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

HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
Amendments to HKAS 40	*Transfers of Investment Property*
Annual Improvements 2014–2016 Cycle	Amendments to HKFRS 1 and HKAS 28

The Impact of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers would be explained in the 2018 Interim Report of the Company.

Except for the above disclosed, the adoption of these revised HKFRSs has had no significant financial effect on the financial statements. The Group has not early adopted any other standard, interpretation, or amendment that has been issued but is not yet effective.

3. REVENUE AND SEGMENT INFORMATION

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

(i) building construction and other construction related business;

(ii) alterations, renovation, upgrading and fitting-out works;

(iii) property maintenance; and

(iv) graphene production and trading of materials.

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

	Building construction and other construction related business	Alterations, renovation, upgrading and fitting-out works	Property maintenance	Graphene production and trading of materials	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Six months ended 30 September 2018					
Segment revenue					
— external customers	**128,744**	**222,473**	**250,861**	**48**	**602,126**
Segment results	**11,155**	**3,851**	**21,669**	**(100,935)**	**(64,260)**
Unallocated other income and gain					**3,858**
Administrative expenses					**(39,256)**
Finance costs					**(6,142)**
Loss before tax					**(105,800)**

	Building construction and other construction related business	Alterations, renovation, upgrading and fitting-out works	Property maintenance	Graphene production and trading of materials	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Six months ended 30 September 2017					
Segment revenue					
— external customers	106,234	135,272	144,056	130,730	516,292
Segment results	12,405	9,778	4,098	(3,715)	22,566
Unallocated other income and gain/(loss)					2,371
Administrative expenses					(31,380)
Finance costs					(1,986)
Impairment loss on an available-for-sale investment					(3,383)
Loss before tax					(11,812)

4. FINANCE COSTS

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on:		
Secured bank loans	**151**	100
Convertible bond	**1,139**	995
Obligations under finance leases	**39**	39
Loans from a related party	**4,813**	852
	6,142	1,986

5. LOSS BEFORE TAX

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

		Six months ended 30 September	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment*		**5,131**	5,642
Research and development costs		**5,863**	4,015
Operating lease rentals in respect of premises		**10,079**	2,326
Bank interest income		**(871)**	(1,671)
Interest income from sub-contractors		**(4,160)**	(2,557)
Gain on disposal of subsidiaries		**(2,057)**	—
Gain on disposal of property, plant and equipment#		**—**	(581)
Foreign exchange difference, net#		**5**	522
Impairment loss on an available-for-sale investment#		**—**	3,383
Impairment loss on property, plant and equipment#		**32,875**	—
Impairment loss on trade receivables#		**62,478**	—

* Amount of approximately HK$633,000 (2017: HK$605,000) and HK$246,000 (2017: HK$227,000) were included in "research and development costs" and "cost of sales", respectively.

Included in "other operating losses"

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax		
— Hong Kong	**3,192**	1,741

7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 6,000,000,000 (2017: 6,000,000,000) in issue during the Period.

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

The calculations of basic and diluted loss per share are based on:

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	**(108,992)**	(13,553)
Interest on a convertible bond	**—**	995
Loss attributable to ordinary equity holders of the parent before interest on a convertible bond	**(108,992)**	(12,558)

	Number of shares Six months ended 30 September	
	2018	2017
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	**6,000,000,000**	6,000,000,000
Effect of dilution — weighted average number of ordinary shares:		
A convertible bond	**—**	368,572,341
	6,000,000,000*	6,368,572,341*

* No adjustment has been made to the basic loss per share amount presented for the six months ended 30 September 2018 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the period. During the six months ended 30 September 2017, because the diluted loss per share amount is decreased when taking the convertible bond into account, the convertible bond had an anti-dilutive effect on the basic earnings/(loss) per share for the periods and was ignored in the calculation of diluted loss per share. Therefore, the diluted loss per share amount are based on the loss for the period, and the weighted average number of ordinary shares of 6,000,000,000 in issue during the period. The Group had no potentially dilutive ordinary shares in issue during the period ended 30 September 2018.

8. DIVIDEND

No dividends were paid, declared or proposed during the current and prior periods. The directors of the Company have determined that no dividend will be paid in respect of the periods.

9. TRADE RECEIVABLES

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Trade receivables	**177,800**	242,676
Retention money receivables	**—**	52,737
	177,800	295,413

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

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

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Within 1 month	**165,049**	199,470
1 to 3 months	**843**	1,711
Over 3 months	**11,908**	41,495
	177,800	242,676

10. TRADE PAYABLES

	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Trade payables	**185,327**	129,409
Retention monies payables	**54,172**	66,267
	239,499	195,676

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

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 1 month	**181,996**	121,026
1 month to 3 months	**201**	2,859
Over 3 months	**3,130**	5,524
	185,327	129,409

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

11. AMOUNTS DUE TO RELATED PARTIES/LOANS FROM A RELATED PARTY

The loans from a related party were advanced by Mr. Wong Law Fai, a director of certain subsidiaries of the Company. The amounts comprise (i) loans of approximately HK$243,009,000 which are unsecured and bear interest at 3.8% per annum and repayable in June 2019 as extended by Mr. Wong Law Fai (31 March 2018: loans of approximately HK$243,009,000 were unsecured and bore interest at 3.8% per annum and were repayable in June 2019); and (ii) loan of approximately HK$5,033,000 (31 March 2018: HK$20,559,000) which is unsecured, bears interest at 3.8% and is repayable on demand.

The amounts due to related parties of approximately HK$2,369,000 (31 March 2018: approximately HK$39,000 was advanced by Mr. Wong Law Fai and Mr. So Kwok Lam, directors of certain subsidiaries of the Company, respectively. They are unsecured, interest-free and repayable on demand.

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current		
Long-term bank loan repayable on demand, secured *(Note)*	**—**	8,785
Finance lease payable	**—**	974
	—	9,759
Analysed into:		
Bank loan repayable:		
Within one year or on demand *(Note)*	**—**	8,785
Other borrowing repayable:		
Within one year	**—**	974
	—	9,759

Note: The Group's bank loan in the amount of approximately HK$8,785,000 containing an on-demand clause has been reclassified as a current liability as at 31 March 2018. For the purposes of the above analysis, the loan is included within current interest-bearing bank and other borrowings and analysed into bank loan repayable within one year or on demand.

Based on the maturity terms of the loan, the amounts repayable in respect of the loan are: within one year of approximately HK$373,000; in the second year of approximately HK$381,000; in the third to fifth years, inclusive, of approximately HK$1,197,000; and beyond five years of approximately HK$6,834,000 as at 31 March 2018.

The Group's bank loan was fully repaid during the period.

(a) The Group's bank loan was secured by mortgages over certain of the Group's leasehold land and buildings, which had an aggregate net carrying value at 31 March 2018 of approximately HK$24,790,000.

(b) Except for the finance lease payable which is denominated in Singapore dollars, all borrowings are in Hong Kong dollars.

(c) The average effective interest rate of the Group's bank loan was 2.25% (31 March 2018: 2.25%).

13. 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 Co-Chairman and an executive director of the Company). The convertible bond can be converted into ordinary shares of the Company at HK$0.06 per conversion share, bearing no interest and will mature in 5 years after the date of issue. The holder of the convertible bond shall convert the outstanding principal amount of the convertible bond into ordinary shares in full mandatorily, if and only if, the gross profits of the new graphene business of the Group for the two financial years ending 31 March 2018 and 2017 exceed HK$300 million in aggregate. The conversion right of the convertible bond expired on 31 March 2018 and the convertible bond shall be redeemed on its maturity.

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 during the prior periods has been split into the liability and equity components as follows:

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Nominal value		
At 1 April 2017, 31 March 2018, 1 April 2018 and 30 September 2018	**24,000**	24,000
Liability component		
At 1 April	**16,383**	14,323
Interest expense	**1,138**	2,060
At period/year end	**17,521**	16,383
Equity component		
At 1 April 2017, 31 March 2018, 1 April 2018 and 30 September 2018	**11,746**	11,746

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Interim Results

For the half year ended 30 September 2018 (the "Period"), the Group recorded a turnover of approximately HK$602,126,000, representing an approximately 17% increase as compared to approximately HK$516,292,000 of the same period in 2017 (the "Prior Interim Period").

The Group recorded a gross profit of approximately HK$33,685,000 (Prior Interim Period: approximately HK$24,620,000) for the Period, representing an approximately 37% increase as compared to the Prior Interim Period.

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

The loss attributable to owners of the Company for the Period was approximately HK$108,992,000 as compared to the loss of approximately HK$13,553,000 in Prior Interim Period. The increase in loss was mainly attributable to the recognition of impairment loss on property, plant and equipment of approximately HK$32,875,000 and impairment loss on trade receivables of approximately HK$62,478,000.

Basic loss per share for the Period was approximately HK1.82 cent (Prior Interim Period: approximately HK0.23 cent).

(2) Review of Operations

(i) *Building Construction and Other Construction Related Business*

Revenue for the building construction segment for the Period was approximately HK$128,744,000 (Prior Interim Period: approximately HK$106,234,000).

The increase in segment revenue was in line with the increase in number of building construction projects in progress during the Period. The average contract sum of building construction projects in progress for the Period was amounted to approximately HK$970 million (Prior Interim Period: approximately HK$705 million).

On the contrary, segment profit decreased from the Prior Interim Period approximately HK$12,405,000 to approximately HK$11,155,000 in the Period. The decrease in the segment profit was mainly attributable to the recovery of considerable amounts of variation orders from a large scale building construction project in the Prior Interim Period and a full swing operation of a large scale building construction project in Singapore in the Prior Interim Period that had contributed more segment profit in the Prior Interim Period.

(ii) ***Property Maintenance***

Revenue for the property maintenance segment for the Period was approximately HK$250,861,000 (Prior Interim Period: approximately HK$144,056,000) and segment profit was approximately HK$21,669,000 (Prior Interim Period: approximately HK$4,098,000).

The property maintenance projects mainly included maintenance works for public sectors. Similar to building construction segment, the increase in segment revenue was in line with the increase in number of property maintenance projects in progress during the Period. The average contract sum of property maintenance projects in progress for the Period was amounted to approximately HK$2,097 million (Prior Interim Period: approximately HK$1,959 million).

The increase in both segment revenue and segment profit was mainly attributable to two large scale long term property maintenance contracts, with total contract value of approximately HK$1,054 million, were in full swing in the Period. The two large scale long term property maintenance contracts had contributed approximately 59% of segment revenue during the Period.

(iii) ***Alterations, renovation, upgrading and fitting-out works (collectively "A&A works")***

Revenue for the A&A works segment for the Period was approximately HK$222,473,000 (Prior Interim Period: approximately HK$135,272,000) and segment profit was approximately HK$3,851,000 (Prior Interim Period: approximately HK$9,778,000).

The increase in the segment revenue from A&A works was mainly attributable to the recognition of more revenue from a large scale project secured in early 2018 in Hong Kong which was in full swing operation in the Period.

On the contrary, decline in segment profit was mainly attributable to additional construction costs for completion of a large scale project in the Period.

(iv) ***Graphene Production and Trading of materials***

Revenue for this segment of the Period included sales of graphene of approximately HK$48,000 (Prior Interim Period: approximately HK$115,000) and sales of materials of approximately HK$ Nil (Prior Interim Period: approximately HK$130,615,000).

The sales of graphene for the Period and Prior interim Period represented sales to research institutes and manufacturers in the nanometer-scaled/metals material industry for application test purposes. For the trading of materials business, the Group mainly sold titanium dioxide, which was widely used in pigment, sunscreen and food coloring.

Segment loss was approximately HK$100,935,000 (Prior Interim Period: approximately HK$3,715,000), which was mainly attributable to the recognition of impairment loss on property, plant and equipment of approximately HK$32,875,000 and impairment loss on trade receivables of approximately HK$62,478,000.

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 Nano New Material Co. Ltd ("Wuxi Taike")* (無錫泰科納米新材料有限公司), a 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 to an independent third party on 20 January 2020 and the transaction was completed on 28 February 2020.

Further details should be referred 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 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 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, and (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 third party (together, the "Prior Announcements").

The Company has appointed Mr. Zhu Xiaodong as executive director on 2 September 2019 and the Group would explore and strive to diversify its trading businesses in 2020.

(3) Prospects

Building construction, property maintenance and A&A works

The Hong Kong construction market recorded a decline in 2019. The outbreak of the coronavirus has made the already bad situation worse. The building industry, particularly the private sector, would remain in recession in 2020. To overcome this downturn the Group will control its operating costs within desirable levels and we also actively secure further business opportunities to keep the Group moving forward.

For the past couple of months, the entire world has been battling with the coronavirus which has disrupted supply chains and manpower flow in Singapore. There are several challenges faced and the Group in Singapore has developed preventive action plan and business continuity plan to deal with the situation. The action plan which includes health declaration and temperature taking has been implemented company-wide at every project site as well as the headquarters. For business continuity, the Group is actively sourcing for alternative material supplies, managing its manpower resources and limiting risk exposure by setting up emergency protocol. The Group is staying agile and observing both Singapore and global developments closely, and adapting itself to the situation accordingly.

Graphene production and trading of material business

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 Nano New Material Co. Ltd ("Wuxi Taike")* (無錫泰科納米新材料有限公司), a 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 to an independent third party on 20 January 2020 and the transaction was completed on 28 February 2020.

Further details should be referred 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 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 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, and (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 third party (together, the "Prior Announcements").

The Company has appointed Mr. Zhu Xiaodong as executive director on 2 September 2019 and the Group would explore and strive to diversify its trading businesses in 2020.

(4) Material Acquisitions and Disposal of Subsidiaries and Associated Companies

Wuxi Taike, which had been the principal subsidiary for carrying out the graphene production business, was disposed to an independent third party on 20 January 2020 and the transaction was completed on 28 February 2020. Details could be referred to the "Prospects" section of this announcement.

Except for the above disclosed, there was no material acquisition or disposal of subsidiaries or associated companies by the Group during the Period.

(5) Liquidity and Financial Resources

The Group maintained a healthy financial position. As at 30 September 2018, the current assets and current liabilities were stated at approximately HK$767.0 million (as at 31 March 2018: approximately HK$718.9 million) and approximately HK$388.5 million (as at 31 March 2018: approximately HK$263.7 million), respectively. The current ratio decreased from 2.73 times as at 31 March 2018 to 1.97 times as at 30 September 2018. The current ratio is calculated by dividing current assets with current liabilities as at the end of the respective periods.

As at 30 September 2018, the Group had total cash and bank deposits of approximately HK$230.9 million (as at 31 March 2018: approximately HK$303.3 million).

As at 30 September 2018, total interest-bearing loans and zero-coupon convertible bond amounted to approximately HK$248.0 million (31 March 2018: approximately HK$273.3 million) and approximately HK$17.5 million (31 March 2018: approximately HK$16.4 million) respectively.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. As at 30 September 2018, the Group had obtained credit facilities from various banks and financial institutions up to a maximum amount of approximately HK$233 million (31 March 2018: approximately HK$162 million) and approximately HK$24.5 million (31 March 2018: approximately HK$34.8 million) of the credit facilities has been utilized.

As at 30 September 2018, the gearing ratio of the Group was approximately 29.8% (as at 31 March 2018: approximately 32.6%). The gearing ratio is calculated by dividing total interest-bearing borrowings with total assets as at the reporting date multiplied by 100%.

(6) Foreign Exchange and Interest Rate Risk

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

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

(7) Pledge of Assets

At the end of the reporting period, the Group's benefits under certain construction contracts and the following assets are pledged to banks and insurance companies to secure the bank borrowings and performance bond facilities to the extent of approximately HK$137,000,000 (31 March 2018: approximately HK$137,000,000 in aggregate granted to the Group:

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Property, plant and equipment	**—**	24,790
Trade receivables	**—**	10,283
Other receivables	**10,839**	21,793
Available-for-sale investments	**—**	20,033
Debt investments at fair value through other comprehensive income	**20,033**	—
Financial asset at fair value through profit and loss	**11,500**	—
Bank deposits and restricted cash	**171,566**	57,651
	213,938	134,550

(8) Contingent Liabilities and Capital Commitments

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

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
Guarantees in respect of performance bonds in favor of its clients	**130,509**	116,298

At the end of each reporting period, the Group had the following capital commitments:

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Plant and machinery	**47,202**	34,649
	47,202	34,649

(9) Event after the Reporting Period

(a) On 23 August 2019, the 2 deposit pledge contracts totalled RMB100 million (equivalent to HK$117.23 million) entered into by Wuxi Taike with a bank to guarantee the indebtedness of Jiangyin Youjia had expired and the deposit pledge in the sum of RMB100 million (equivalent to HK$117.23 million) were released on the same day.

(b) From November to December 2019, China Carbon Valley Technology Group Limited ("China Carbon"), a wholly-owned subsidiary of the Company and the immediate holding company of Wuxi Taike, reduced the capital invested in Wuxi Taike by HK$120,000,000 and Wuxi Taike has returned HK$120,000,000 to China Carbon, which then transferred the same amount to another wholly-owned subsidiary of the Company.

(c) On 20 January 2020, the Group signed a sales and purchases agreement to dispose of the entire interest in Pure Fountain Holdings Limited, which holds 100% equity interests in China Carbon and Wuxi Taike, to Jiangyin Meihong Plastic Electronics Co., Ltd, at a total of consideration of RMB8,000,001 (equivalent to HK$8,950,000). The transaction was completed on 28 February 2020. Further details of the disposal were set out in the Company announcement dated 20 January 2020 and 22 January 2020.

(d) An outbreak of the coronavirus disease 2019 ("COVID-19") pandemic may impact the Group's business in the coming year.

The Group will continue to monitor the development of COVID-19 situation closely and assess its impacts on the financial position and operating results of the Group. Up to the date of the announcement, the assessment is still in progress.

Save for disclosed above, there is no other significant event has taken place after 30 September 2018 and up to the date of this announcement.

(10) Movement of Incomplete Contracts for the six months ended 30 September 2018

	31 March 2018 *HK$'000*	Contracts Secured *HK$'000*	Contracts Completed *HK$'000*	**30 September 2018** ***HK$'000***
Building Construction	920,264	219,473	119,800	**1,019,937**
Property Maintenance	2,139,873	922,125	1,008,344	**2,053,654**
Alteration, Renovation, Upgrading and Fitting-Out Works	585,895	54,986	262,408	**378,473**
Total	3,646,032	1,196,584	1,390,552	**3,452,064**

(11) Employees and Remuneration Policies

As at 30 September 2018, the Group employed a total of 264 staff (as at 30 September 2017: 261 staff) which included Hong Kong, Singapore, the People's Republic of China and Macau employees. The total remuneration for staff was approximately HK$44.3 million for the Period (Prior Interim Period: approximately HK$36 million).

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

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

INTERIM DIVIDEND

The directors of the Company (the "Directors") do not recommend the payment of dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: Nil).

CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate governance practices and procedures.

Save as disclosed below, the Company has complied with all the code provisions as set out in Corporate Governance Code and Corporate Governance Report to the Appendix 14 of the Listing Rules (the "CG Code") throughout the six months ended 30 September 2018.

Roles of the chairman and the chief executive

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separated and should not be performed by the same individual. During the period from 1 April 2018 to 6 September 2018, Mr. Chau Chit was the co-chairman of the Board of Directors of the Company and the chief-executive officer of the Company.

The Co-Chairmen were the positions in the Board to execute the administrative functions designated to the Co-Chairmen by the Board from time to time. As decided by the Board, Mr. Chau and Mr. Dai would take up the administrative functions of the Board in ensuring that the Board works effectively and performs its responsibilities. They acted together to carry out and shared the responsibilities of the role of the chairman of the Board. When a Co-Chairman proposed any matters to be considered in a Board meeting, the other Co-Chairman shall be responsible for, amongst other things, drawing up and approving the agenda for such Board meeting, presiding the Board meeting and encouraging all directors to make a full and active contributions to the Board's affairs to ensure that Board decisions fairly reflected Board consensus and the Board acted in the best interests of the Group. In respect of other duties and responsibilities of the chairman of the Board contemplated under the articles of association of the Company, A.2 of the CG Code and the Listing Rules (including Rule B.8 of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules), these would be taken up by Mr. Chau.

Besides, Mr. Dai (resigned on 7 September 2018), the other co-chairman, was primarily responsible for providing overall strategic plan in the development of the graphene business of the Group and Mr. Chau, who is the chief executive officer of the Company, carries out executive functions including day-to-day business and operations management of the Group.

Part A.2 of the CG Code set out the principle and code provision of the chairman and chief executive. It stipulated that there should be a clear division of the two key aspects of management, the management of the Board and the day-to-day management of business.

Based on this principle, the Company adopted the above corporate governance measures to ensure a balance of power and authority, so that power was not concentrated in any one individual. The Board believes that the Co-Chairmen each acted as a check and balance on each other and that there is a clear understanding and expectation of the Board and within the Company as to the separation of roles and responsibilities of Mr. Chau and Mr. Dai. The Board also considered the composition of the Board and senior management of the Company, which comprises experienced and high calibre individuals. In view of the above, the Board believes that the balance of power and authority was adequately maintained to ensure that the overall interests of the Company and its shareholders were protected.

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 (re-designated as Chairman on 7 September 2018) during the period from 7 September 2018 to 30 September 2019.

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

On 23 August 2018, Wuxi Taike Nano New Material Co. Ltd* (無錫泰科納米新材料有限公司), a wholly foreign-owned subsidiary of the Company in the People's Republic of China, pledged the bank deposit in the sum of RMB100 million (the "Secured Deposits") under deposit pledge contracts (the "Deposit Pledge Contracts") to guarantee the indebtedness of Jiangyin Youjia Pearlescent Mica Co., Ltd* (江陰市友佳珠光雲母有限公司) ("Jiangyin Youjia"), a company established in the PRC, for the opening bank acceptance bill contracts (《開立銀行承兑匯票合同》) (the "Opening Bank Acceptance Bill Contracts") entered into between Jiangyin Youjia and a PRC bank (the "Pledgee Bank") to obtain credit facilities of up to an aggregate amount of RMB100 million (the "Credit Facilities") for a period from 17 August 2018 to 17 August 2019. As of the date of the Opening Bank Acceptance Bill Contracts, the legal representative of Jiangyin Youjia was the late Mr. Dai Jialong, a former executive Director of the Company and a then substantial shareholder of the Company holding approximately 12.17% of the issued share capital of the Company.

Further details should be referred 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 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 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, and (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 third party (together, the "Prior Announcements").

For the above matters as disclosed in the Prior Announcements, the Board considered the followings:

— the management of the Group had not provided sufficient explanation and information to the board to enable it to make an informed assessment of financial and other information put before it for approval in violation to code provision C.1.1 of the CG Code; and

— According to the principle and code provisions of C2 of CG Code The board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the issuer's strategic objectives, and ensuring that the issuer establishes and maintains appropriate and effective risk management and internal control systems. The board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the board on the effectiveness of these systems; and the Board acknowledged weaknesses in the above.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Specific enquiry has been made to each of the Directors and all Directors have confirmed that they have complied with the Model Code during the six months ended 30 September 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

AUDIT COMMITTEE

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

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

The Audit Committee has reviewed with the management the Group's interim results for the Period.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the Company's website (http://www.visionfame.com) and the Stock Exchange's website (http://www.hkexnews.hk). The 2018 Interim Report containing all the information required by the Listing Rules will be dispatched to the Shareholders and available on the same websites in due course.

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

Hong Kong, 13 May 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.