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)

AUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2020

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 2020, together with the comparative figures for the year ended 31 March 2019:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	**2020** *HK$'000*	2019 *HK$'000*
Revenue	*3*	**6,246,513**	1,237,444
Cost of sales and services		**(6,101,080)**	(1,179,735)
Gross profit		**145,433**	57,709
Other income		**11,912**	12,472
Other (losses) and gains		**(11,869)**	3,606
Selling expenses		**(39,242)**	—
Administrative expenses		**(97,102)**	(79,966)
Research and development costs		**—**	(10,547)
Impairment losses on trade and other receivables		**—**	(63,439)
Impairment losses on property, plant and equipment		**—**	(49,915)
Profit/(loss) from operations		**9,132**	(130,080)
Finance costs	*5*	**(13,526)**	(12,140)
Loss before tax		**(4,394)**	(142,220)
Income tax expenses	*6*	**(14,571)**	(3,231)
Loss for the year	*7*	**(18,965)**	(145,451)

	Notes	**2020**	2019
		HK$'000	*HK$'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		**(14,624)**	(18,244)
Exchange differences reclassified to profit and loss on disposal of subsidiaries		**14,130**	—
Exchange differences reclassified to profit and loss on deregistration of a subsidiary		**—**	(889)
Other comprehensive income for the year, net of tax		**(494)**	(19,133)
Total comprehensive income for the year		**(19,459)**	(164,584)
Loss per share	*9*		
Basic (HK cents per share)		**(0.32)**	(2.42)
Diluted (HK cents per share)		**(0.32)**	(2.42)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	Notes	**2020** *HK$'000*	2019 *HK$'000*
Non-current assets			
Property, plant and equipment		**2,631**	57,611
Right-of-use assets		**4,917**	—
Financial assets at fair value through other comprehensive income		**6,000**	6,000
Prepayments, deposits and other receivables	*10*	**—**	555
		13,548	64,166
Current assets			
Inventories		**4,358**	355
Trade and other receivables	*10*	**574,972**	162,479
Contract assets		**344,327**	232,542
Financial assets at fair value through profit or loss		**13,881**	14,922
Current tax assets		**—**	291
Pledged bank deposits		**59,266**	174,934
Bank and cash balances		**28,634**	83,537
		1,025,438	669,060
Current liabilities			
Trade and other payables	*11*	**432,121**	307,595
Lease liabilities		**3,124**	—
Contract liabilities		**192,159**	11
Convertible bond	*13*	**21,434**	—
Amount due to a related party	*12*	**337**	7,069
Amount due to a director		**1,000**	—
Loans from a related party	*12*	**—**	5,033
Current tax liabilities		**11,612**	—
		661,787	319,708
Net current assets		**363,651**	349,352
Total assets less current liabilities		**377,199**	413,518

	Notes	2020 HK$'000	2019 HK$'000
Non-current liabilities			
Convertible bond	*13*	**—**	18,739
Loans from a related party	*12*	**243,009**	243,009
Accruals and other payables	*11*	**487**	487
Lease liabilities		**1,879**	—
		245,375	262,235
NET ASSETS		**131,824**	151,283
Capital and reserves			
Share capital		**12,000**	12,000
Equity component of a convertible bond	*13*	**11,746**	11,746
Reserves		**108,078**	127,537
TOTAL EQUITY		**131,824**	151,283

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

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 Clifton House, 75 Fort Street, 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 2020 ("2020 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 2020 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.

The HKICPA has issued a new HKFRS, HKFRS 16 Leases, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(a) Application of new and revised HKFRSs

The HKICPA has issued a new HKFRS, HKFRS 16 Leases, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 Leases, and the related interpretations, HK(IFRIC) 4 Determining whether an Arrangement contains a Lease, HK(SIC) 15 Operating Leases-Incentives and HK(SIC) 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. HKFRS 16 introduced a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less and leases of low-value assets.

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact or leases where the Group is the lessor. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 April 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) *New definition of a lease*

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(b) *Lessee accounting and transitional impact*

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied the incremental borrowing rates of the relevant group entities at the date of initial application. The incremental borrowing rates applied by relevant group entities range from 3.63% to 7.00%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 March 2020;

(ii) applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in a similar economic environment. Specifically, discount rate for certain leases of office premises was determined on a portfolio basis;

(iii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

(iv) relied on the assessment of whether leases are onerous by applying HKAS 37 as an alternative to an impairment review.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

The following table reconciles the operating lease commitments as disclosed in the 2020 Annual Report to the opening balance for lease liabilities recognised as at 1 April 2019:

	HK$'000
Operating lease commitment as at 31 March 2019	37,650
Less: commitments relating to lease exempt from capitalisation:	
— short-term leases and other leases with remaining lease term ending on or before 31 March 2020	(3,246)
	34,404
Less: total future interest expenses	(5,044)
Present value of remaining lease payments, discounted using the incremental borrowing rate and lease liabilities recognised as at 1 April 2019	29,360
Of which are:	
Current lease liabilities	16,926
Non-current lease liabilities	12,434
	29,360

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of consolidated financial position at 31 March 2019.

Refundable rental deposits paid are accounted under HKFRS 9 Financial instruments ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

		Effects of adoption of HKFRS 16	
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16	**Carrying amount as at 31 March 2019**	**Recognition of leases**	**Carrying amount as at 1 April 2019**
	HK$'000	*HK$'000*	*HK$'000*
Assets			
Right-of-use assets	—	29,360	29,360
Liabilities			
Lease liabilities	—	29,360	29,360

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

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2019. 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 Definition of a Business	1 January 2020
Amendments to HKAS 1 and HKAS 8 Definition of Material	1 January 2020
Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform	1 January 2020
Amendments to HKFRS 16 Covid-19 Related Rent Concessions	1 June 2020
Amendments to HKAS 1 Classification of Liabilities as Current or Non-current	1 January 2022

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.

3. REVENUE

(a) Disaggregation of revenue

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

	2020	2019
	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	**202,282**	277,616
— Alterations, renovation, upgrading and fitting-out works	**236,931**	421,667
— Property maintenance	**683,513**	538,095
— Graphene production and trading of materials	**5,123,787**	66
	6,246,513	1,237,444

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:

	Building construction and other construction related business		**Alterations, renovation, upgrading and fitting-out works**		**Property maintenance**		**Graphene production and trading of materials**		**Total**	
For the year ended 31 March	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	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	**11,084**	117,042	**229,171**	414,934	**683,513**	538,095	**—**	—	**923,768**	1,070,071
PRC except Hong Kong	**—**	—	**—**	—	**—**	—	**5,123,787**	66	**5,123,787**	66
Singapore	**191,198**	160,574	**7,760**	6,733	**—**	—	**—**	—	**198,958**	167,307
Revenue from external customers	**202,282**	277,616	**236,931**	421,667	**683,513**	538,095	**5,123,787**	66	**6,246,513**	1,237,444
Timing of revenue recognition										
Goods and services transferred at a point in time	**—**	—	**—**	—	**—**	—	**5,123,787**	66	**5,123,787**	66
Services transferred over time	**202,282**	277,616	**236,931**	421,667	**683,513**	538,095	**—**	—	**1,122,726**	1,237,378
Total	**202,282**	277,616	**236,931**	421,667	**683,513**	538,095	**5,123,787**	66	**6,246,513**	1,237,444

(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 2020 and the expected timing of recognising revenue as follows:

	Construction contracts	
	2020	2019
	HK$'000	*HK$'000*
Within one year	**1,056,505**	870,297
More than one year	**1,409,026**	853,421
	2,465,531	1,723,718

4. SEGMENT INFORMATION

The Group has four (2019: 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) Graphene production and 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.

The accounting policies of the operating segments are the same as those described in 2020 Annual report. 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, pledge bank deposit and bank and cash balances. Segment non-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, amount due to a related party, 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$'000*	**Graphene production and trading of materials** *HK$'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**

	Building construction and other construction related business *HK$'000*	Alterations, renovation, upgrading and fitting-out works *HK$'000*	Property maintenance *HK$'000*	Graphene production and trading of materials *HK$'000*	Total *HK$'000*
Year ended 31 March 2019					
Revenue from external customers	277,616	421,667	538,095	66	1,237,444
Segment profit/(loss)	19,336	8,933	35,927	(141,782)	(77,586)
Interest revenue	93	1,792	4,667	—	6,552
Depreciation	90	150	506	3,929	4,675
Capital expenditure	16	9	486	49,218	49,729
Impairment losses on property, plant and equipment	—	—	—	49,915	49,915
Impairment losses on trade receivables	—	—	—	62,478	62,478
Impairment losses on other receivables	—	—	—	961	961
At 31 March 2019					
Segment assets	64,899	110,017	157,516	74,491	406,923
Segment liabilities	55,541	107,019	110,677	25,419	298,656

(ii) Reconciliations of reportable segments:

Revenue and profit or loss:

	2020	2019
	HK$'000	*HK$'000*
Revenue		
Consolidated revenue	**6,246,513**	1,237,444
Profit or loss		
Total profit/(loss) of reportable segments	**78,991**	(77,586)
Unallocated amounts:		
Unallocated other income	**3,141**	4,635
Other gains and losses	**(11,869)**	3,606
Administrative expenses	**(61,131)**	(60,735)
Finance costs	**(13,526)**	(12,140)
Consolidated loss before tax	**(4,394)**	(142,220)

Assets and liabilities:

	2020	2019
	HK$'000	*HK$'000*
Assets		
Total assets of reportable segments	**924,053**	406,923
Unallocated amounts:		
Unallocated head office and corporate assets	**114,933**	326,303
Consolidated total assets	**1,038,986**	733,226
Liabilities		
Total liabilities of reportable segments	**614,856**	298,656
Unallocated amounts:		
Unallocated head office and corporate liabilities	**292,306**	283,287
Consolidated total liabilities	**907,162**	581,943

(iii) Geographical information:

The Group's revenue from external customers by location of operations and information about its non-current assets (excluding financial assets at fair value through other comprehensive income) by location of assets are detailed below:

	Revenue		**Non-current assets**	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**923,768**	1,070,071	**6,663**	3,473
PRC except Hong Kong	**5,123,787**	66	**59**	50,569
Singapore	**198,958**	167,307	**826**	4,124
Consolidated total	**6,246,513**	1,237,444	**7,548**	58,166

(iv) Revenue from major customers:

	2020	2019
	HK$'000	*HK$'000*
Trading of materials segment		
Customer A	**2,021,616**	—
Customer B	**1,355,314**	—
Customer C	**672,665**	—
Building construction and other construction related business and property maintenance segments		
Customer D	**699,013**	634,113
Alterations, renovation, upgrading and fitting-out works segment		
Customer E	**N/A#**	285,188

Revenue from this customer amounted to less than 10% of the total revenue of the Group for the year ended 31 March 2020.

5. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest on loans from a related party	**9,445**	9,513
Interest on bank loans and other loans (including a convertible bond)	**2,765**	2,562
Interest expenses on lease liabilities	**1,316**	—
Finance leases charges	**—**	65
	13,526	12,140

6. INCOME TAX EXPENSES

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

	2020	2019
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax		
Provision for the year	**3,073**	3,484
Over-provision in prior year	**(9)**	(253)
	3,064	3,231
Current tax — PRC Enterprise Income Tax		
Provision for the year	**11,507**	—
	14,571	3,231

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% (2019: 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% (2019: 16.5%) on the estimated assessable profits.

PRC Enterprise Income Tax has been provided at a rate of 25% (2019: 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.

7. LOSS FOR THE YEAR

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

	2020	2019
	HK$'000	*HK$'000*
Auditor's remuneration	**1,580**	1,908
Cost of services provided	**1,062,717**	1,179,735
Cost of inventories sold	**5,038,363**	—
Depreciation of property, plant and equipment	**6,350**	7,899
Depreciation of right-of-use assets	**16,967**	—
Net foreign exchange gains/(losses)	**314**	(2)
Research and development costs	**—**	10,547
Loss on disposals of property, plant and equipment	**2,777**	169
Operating lease rentals in respect of:		
Land and buildings	**1,440**	11,962
Impairment losses on prepayments	**—**	961
Impairment losses on property, plant and equipment	**—**	49,915
Impairment losses on trade receivables	**—**	62,478

8. DIVIDENDS

The directors do not recommend the payment for any dividend for the year ended 31 March 2020 (2019: Nil).

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following:

	2020	2019
	HK$'000	*HK$'000*
Loss for the purpose of calculating basic and diluted loss per share	**(18,965)**	(145,451)
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**6,000,000**	6,000,000

10. TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**405,816**	167,214
Less: allowance for doubtful debts	**—**	(73,478)
	405,816	93,736
Prepayments	**159,595**	48,863
Deposits and other receivables	**9,561**	21,396
Less: impairment allowance	**—**	(961)
	169,156	69,298
Less: non-current portion	**—**	(555)
	169,156	68,743
	574,972	162,479

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:

	2020	2019
	HK$'000	*HK$'000*
0 to 90 days	**402,405**	92,977
91 to 180 days	**—**	759
181 to 365 days	**3,411**	—
	405,816	93,736

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

	2020	2019
	HK$'000	*HK$'000*
HK$	**49,037**	86,584
SGD	**15,757**	7,152
RMB	**341,022**	—
Total	**405,816**	93,736

11. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**197,363**	105,957
Retention monies payables	**51,172**	58,221
	248,535	164,178
Accruals and other payables	**184,073**	143,904
Less: non-current portion	**(487)**	(487)
	183,586	143,417
	432,121	307,595

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

	2020	2019
	HK$'000	*HK$'000*
0 to 90 days	**195,074**	102,947
91 to 180 days	**17**	2,199
181 to 365 days	**2,004**	538
Over 365 days	**268**	273
	197,363	105,957

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

	2020	2019
	HK$'000	*HK$'000*
HK$	**50,055**	95,084
SGD	**20,404**	10,873
RMB	**100,503**	—
USD	**26,401**	—
Total	**197,363**	105,957

12. AMOUNT DUE TO A RELATED PARTY/LOANS FROM A RELATED PARTY

The amount due to a related party represents fund advance from Mr. Wong Law Fai, a director of certain subsidiaries of the Company. The amount is unsecured, interest-free and repayable on demand.

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.

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 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.

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:

	2020	2019
	HK$'000	*HK$'000*
Nominal value		
At 31 March 2019, 1 April 2019 and 31 March 2020	**24,000**	24,000
Liability component		
At beginning of year	**18,739**	16,383
Interest expense	**2,695**	2,356
At 31 March	**21,434**	18,739
Equity component		
At 31 March 2019, 1 April 2019 and 31 March 2020	**11,746**	11,746

MANAGEMENT DISCUSSION AND ANALYSIS

Results of the Group

The Group recorded total turnover of approximately HK$6,247 million for the financial year ended 31 March 2020 (“Fy2020”), compared to turnover of approximately HK$1,237 million for the financial year ended 31 March 2019 (“Fy2019”). The Group recorded an increase in gross profit, from approximately HK$57.7 million in Fy2019 to approximately HK$145.4 million in Fy2020, which is mainly attributable to the increase in gross profit contributed by the trading of materials segment for the year.

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

The loss attributable to shareholders of the Company for Fy2020 is approximately HK$19.0 million (Fy2019: approximately HK$145.5 million). The decrease in loss was mainly attributable to the absence of research and development cost, impairment losses on trade and other receivables and impairment losses on property, plant and equipment for Fy2020 (Fy2019: approximately HK$123.9 million in total):

Basic loss per share for Fy2020 is approximately HK0.32 cent (Fy2019: approximately HK2.42 cent).

The Board does not recommend any payment of dividends for Fy2020 (Fy2019: Nil).

Results of Operations

(i) ***Building Construction***

Building construction segment recorded revenue of approximately HK$202 million (Fy2019: approximately HK$278 million) for Fy2020. Segment profit decreased from approximately HK$19.3 million in Fy2019 to approximately HK$16.2 million in Fy2020.

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

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

Revenue for the A&A works segment for Fy2020 was approximately HK$237 million (Fy2019: approximately HK$422 million) and segment profit was approximately HK$14.7 million (Fy2019: approximately HK$8.9 million).

The decrease in the segment revenue is in line with the decrease in number of A&A works projects in progress during the year. The average contract sum of A&A works contracts in progress for Fy2020 was amounted to approximately HK$348 million (Fy2019: approximately HK$503 million).

The decrease in the segment revenue from A&A works was also mainly attributable to the recognition of more revenue from a large scale A&A works project secured in early 2018 in Hong Kong with contract value of approximately HK$262 million which was in full swing operation in the Fy2019.

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

(iii) ***Property Maintenance***

Revenue for the property maintenance segment increased from approximately HK$538 million in Fy2019 to approximately HK$684 million in Fy2020 and segment profit remained constant at approximately HK$35.9 million in Fy2020 and Fy2019.

The property maintenance projects mainly included maintenance works for public sectors. The increase in segment revenue was mainly attributable to two large scale long term property maintenance contracts, with total contract value of approximately HK$1,695 million, which were in full swing operation in Fy2020. The two large scale long term property maintenance contracts had contributed approximately 85% of segment revenue during the Fy2020.

On the contrary, the segment profit from increase in revenue is offset by additional operating costs of a large scale long term property maintenance project in the Fy2020.

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

Revenue for this segment for Fy2020 included sales of materials of approximately HK$5,124 million (Fy2019: HK$Nil) and sales of graphene of HK$Nil (Fy2019: approximately HK$66,000).

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

Segment profit was approximately HK$12 million (Fy2019: loss of approximately HK$142 million). Loss of Fy2019 was mainly attributable to the recognition of impairment loss on property, plant and equipment of approximately HK$50 million and impairment loss on trade receivables of approximately HK$62 million.

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, (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 Wuxi Taike by the Group to a third party.

BUSINESS OVERVIEW AND PROSPECT

Construction related businesses

With the continuing anti-government protests and the subsequent disruption caused by the outbreak of the coronavirus, 2020 would be another year of decline for the building industry.

The diminishing job opportunities in private building sector and the extreme price competition have kept the profit margin at low level. 2020 would be a challenging year to all construction companies. The Group would put more effort in operation costs control so as to keep the Group competitive in the market. Apart from that, we would explore other construction business opportunities in order to lower our business risk. Though 2020 is tough to the Hong Kong society, the Group would expect a market recover in 2021 as the Government may increase the construction expenditure in coming years.

Outside the mandatory two months circuit breaker implemented by the Singapore Government, stringent measures (safe accommodation and transport, safe workforce and safe worksite) have been introduced for construction companies to comply with in order to have a safe restart of works. The Group is actively working with the authorities and preparing the necessary in order to restart works as soon as possible.

Moving forward, upon being granted approval to restart works, the Group aims to expedite the construction works for all its projects and shortening the projects' remaining duration. Each project team has geared up preparations during the past three months by clearing submissions and conducting detail planning of the works. The Group is also working on maintaining relationships with its partner subcontractors and suppliers during this difficult time, and extending help towards them if necessary.

The Group has also taken the opportunity during this period to plan for its transformation in order to be ready for future challenges and opportunities. This includes digitalization of its operations; higher adoption of Building Information Modelling, E-management applications, E-inspection, online meetings, E-payment etc. The Group believes that by constantly reinventing itself and staying relevant to the ever-changing world, it will be able to emerge from this episode stronger and pursue higher achievements in the future.

Graphene production and trading of materials 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, (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 Wuxi Taike by the Group to a 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.

Liquidity and Financial Resources

The Group maintained a strong and healthy financial position. As at 31 March 2020, the current assets and current liabilities were stated at approximately HK$1,025.4 million (as at 31 March 2019: approximately HK$669.1 million) and approximately HK$661.8 million (as at 31 March 2019: approximately HK$319.7 million), respectively. The current ratio maintained at 1.55 times as at 31 March 2020 (as at 31 March 2019: 2.09 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 2020, the Group had total cash and bank deposits of approximately HK$87.9 million (as at 31 March 2019: approximately HK$258.5 million).

As at 31 March 2020, total interest-bearing loans and zero-coupon convertible bond amounted to approximately HK$243.0 million (as at 31 March 2019: approximately HK$248.0 million) and approximately HK$21.4 million (as at 31 March 2019: approximately HK$18.7 million) respectively. The Group's net cash balance (the sum of pledged bank deposits and restricted cash and cash and cash equivalents less interest-bearing bank and other borrowings in current portion) has decreased from approximately HK$253.5 million as at 31 March 2019 to approximately HK$87.9 million as at 31 March 2020.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. As at 31 March 2020, the Group had obtained credit facilities from various banks up to a maximum amount of approximately HK$154 million (as at 31 March 2019: approximately HK$200 million) and approximately HK$24.8 million (as at 31 March 2019: approximately HK$24.7 million) of the credit facilities has been utilized.

As at 31 March 2020, the gearing ratio of the Group was approximately 23.4% (as at 31 March 2019: approximately 33.8%). 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, the Group has sufficient liquidity and financial resources to satisfy the financial requirements of its existing businesses.

Pledge of Assets

At the end of the reporting period, the Group had pledged the following assets to banks and insurance companies to secure the banking facilities and performance bonds granted to the Group, as well as to secure the bank facilities of a related party:

	31 March 2020	31 March 2019
	HK$'000	*HK$'000*
Pledged for securing the Group's banking facilities and performance bond		
Other receivables	**4,700**	6,277
Financial assets at fair value through profit or loss	**12,032**	11,675
Bank deposits	**59,266**	57,974
	75,998	75,926
Pledged for securing the banking facilities of a related party		
Bank deposits	**—**	116,960
Total	**75,998**	192,886

Material Acquisitions and Disposals 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 "Business overview and prospect" above.

Except for the above disclosed, there was no material acquisition or disposal of subsidiaries or associated companies by the Group in Fy2020.

Share Subdivision

By an ordinary resolution passed at the extraordinary general meeting on 29 April 2016, each of the existing issued and unissued ordinary shares of approximately HK$0.01 each in the share capital of the Company was subdivided into five ordinary shares of approximately HK$0.002 each (the "Subdivided Shares") (the "Share Subdivision"). Upon the Share Subdivision having became effective on 3 May 2016 and at the date of this announcement, the Company's authorised share capital was approximately HK$20,000,000 divided into 10,000,000,000 ordinary shares of approximately HK$0.002 each, of which 6,000,000,000 ordinary shares were in issue and fully paid. Details of the Share Subdivision are set out in the Company's announcements dated 23 March 2016 and 29 April 2016 and the Company's circular dated 13 April 2016.

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 graphene production and trading segment

(i) 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 "Business overview and prospect" above.

(ii) 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 and Capital Commitments

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

	31 March 2020 *HK$'000*	31 March 2019 *HK$'000*
Guarantees in respect of performance bonds in favor of its clients	**101,226**	121,258

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

	31 March 2020	31 March 2019
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Plant and machinery	—	11,781
	—	11,781

Movement of Incomplete Contracts for the year ended 31 March 2020

	31 March 2019	**Contracts Secured**	**Contracts Completed**	**31 March 2020**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Building Construction	1,004,158	254,127	(155,800)	1,102,485
Property Maintenance	2,054,646	1,148,161	(787,415)	2,415,392
Alteration, Renovation, Upgrading and Fitting-Out Works	420,363	267,807	(412,813)	275,357
	3,479,167	1,670,095	(1,356,028)	3,793,234

Employees and Remuneration Policies

As at 31 March 2020, the Group employed a total of 330 staff (as at 31 March 2019: 261 staff) which included Hong Kong, Macau, Singapore and Mainland China employees. The total remuneration for staff was approximately HK$127 million for Fy2020 (Fy2019: approximately HK$112 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 2020 (2019: Nil). No interim dividend was declared for the six months ended 30 September 2019 (2018: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2020, 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 2020, 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 2020, 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

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, (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 Wuxi Taike by the Group to a 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 accordance with 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.

Remedial actions

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. For more details, please refer to the Company's announcement dated 21 August 2020.

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 2020.

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 2019 and the consolidated financial statements and annual results for the year ended 31 March 2020.

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 2020 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 2020.

Qualified Opinion

We have audited the consolidated financial statements of Vision Fame International Holding Limited (the "Company") and its subsidiaries (the "Group") set out in 2020 Annual report which comprise the consolidated statement of financial position as at 31 March 2020, 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.

In our opinion, except for the effects of the matters described in the Basic for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

1. *Opening balances and comparative figures*

The audit opinion on the consolidated financial statements of the Group for the year ended 31 March 2019 (the "2019 Financial Statements"), which form the basis for the comparative figures presented in the current year's consolidated financial statements, was disclaimed by the predecessor auditor because of the significance of the possible effect of the scope limitations in the audit of various account balances and transactions of Wuxi Taike Nano New Material Company Limited ("Wuxi Taike").

The predecessor auditor's basis for disclaimer of opinion is summarised below.

"Wuxi Taike was a major wholly-owned subsidiary of the Company as at 31 March 2019 which contributed net assets of RMB124,035,000 (equivalent to HK$145,070,000) and a loss for the year of RMB118,354,000 (equivalent to HK$138,746,000) to the Group's total net assets of HK$151,283,000 as at 31 March 2019 and total loss of HK$145,451,000 for the year ended 31 March 2019, respectively. During the course of the predecessor auditor's audit of Wuxi Taike for the year ended 31 March 2019, the predecessor auditor encountered certain scope limitations in the audit of various account balances and transactions of Wuxi Taike as set out below.

1. Potential related party transactions of Wuxi Taike

The predecessor auditor noted the following transactions between Wuxi Taike and certain companies which appeared unusual in the circumstances and may indicate the existence of a relationship with Wuxi Taike. However, the transactions between Wuxi Taike and these companies were not considered by the Group as related party transactions.

1.1 Transfer of funds to Jiangyin Youjia Pearlescent Mica Co., Ltd ("Jiangyin Youjia")

During the year ended 31 March 2019 and subsequent to 31 March 2019, Wuxi Taike conducted various transactions with Jiangyin Youjia, whose legal representative was Mr. Dai Jialong, a former director and substantial shareholder of the Company. The directors of the Company regarded Jiangyin Youjia as a related party up to 31 December 2018 and only the related transactions with Jiangyin Youjia for that period have been disclosed as related party transactions.

1.1.1 Transfer to Jiangyin Youjia of a purchase deposit returned from Jiangyin Xinchaoshun Mica Productions Co., Ltd ("Xinchaoshun")

Wuxi Taike had a purchase deposit of RMB7,020,000 (equivalent to HK$8,210,000) due from Xinchaoshun in relation to the purchase of inventories. Subsequent to 31 March 2019, Xinchaoshun returned the purchase deposit of RMB7,020,000 to Wuxi Taike. However, the same amount was then transferred to Jiangyin Youjia as settlement of an amount due to Jiangyin Youjia.

According to the State Administration for Market Regulation (the "SAMR") website, Xinchaoshun had the same contact phone number as Wuxi Taike and an identical email address as Jiangyin Ruijia Mica Technologies Co., Ltd ("Jiangyin Ruijia"), the holding company of Jiangyin Youjia. Management was not able to provide the predecessor auditor with a satisfactory explanation of the reason for the above return of deposits from Xinchaoshun and the transfer of such purchase deposits returned to Jiangyin Youjia. The predecessor auditor was unable to determine whether the amount of RMB7,020,000 stated as a purchase deposit for inventories as at 31 March 2019 had been properly classified and disclosed in the consolidated financial statements for the year ended 31 March 2019.

1.1.2 Transfer to Jiangyin Youjia of proceeds receivable from disposal of a motor vehicle

During the year ended 31 March 2019, Wuxi Taike disposed of a motor vehicle with a net book value of RMB5,576,000 (equivalent to HK$6,522,000) for RMB6,300,000 (equivalent to HK$7,368,000), including value-added tax ("VAT") of RMB869,000 (equivalent to HK$1,016,000). Management of Wuxi Taike represented that the sale was made to a third party, through a company ("Co A") and a sales person of Wuxi Taike. Wuxi Taike recorded other receivables from Co A and the sales person for the amounts of RMB1,800,000 (equivalent to HK$2,105,000) and RMB4,500,000 (equivalent to HK$5,263,000), respectively as at 31 March 2019. Management further represented that neither Co A nor the sales person was the ultimate buyer and the disposal arrangement was instructed by the former management of Wuxi Taike.

Wuxi Taike did not receive any proceeds from this disposal. Subsequent to 31 March 2019, the total outstanding receivables of RMB6,300,000 were transferred to Jiangyin Youjia as settlement of an amount due to Jiangyin Youjia.

The predecessor auditor was unable to obtain sufficient and adequate documentary evidence for the disposal of the motor vehicle. As a result, the predecessor auditor was unable to confirm whether the disposal had been properly conducted and accounted for and whether the sale of the motor vehicle by Wuxi Taike with a net book value of RMB5,576,000, the consideration for the sale of RMB5,431,000 (equivalent to HK$6,352,000), net of VAT, and the loss on disposal of RMB145,000 (equivalent to HK$169,000) had been properly measured and presented in the Group's consolidated financial statements for the year ended 31 March 2019. The predecessor auditor was unable to obtain a satisfactory explanation of the reason for the transfer of the other receivables to Jiangyin Youjia subsequent to 31 March 2019. The predecessor auditor was also unable to determine whether the amount of RMB6,300,000 stated as other receivables from the respective parties as at 31 March 2019 had been properly classified and disclosed, or whether the receivables and the disposal transaction should be disclosed as an amount due from Jiangyin Youjia and a related party transaction, respectively, in the consolidated financial statements for the year ended 31 March 2019.

1.2 Acquisition of equipment from Wuxi Taiaoyi Trading Co., Ltd ("Wuxi Taiaoyi")

Wuxi Taike procured equipment from Wuxi Taiaoyi totalling RMB29,490,000 (equivalent to HK$34,492,000), and made payments of RMB15,590,000 (equivalent to HK$18,234,000) and RMB11,100,000 (equivalent to HK$13,871,000) to Wuxi Taiaoyi during the years ended 31 March 2019 and 2018, respectively. According to the SAMR website, Wuxi Taiaoyi had the same phone number as Jiangyin Youjia and the same email address as Jiangyin Ruijia, the holding company of Jiangyin Youjia.

Moreover, as detailed in the Company's announcement dated 13 March 2020, based on the representations made by the then finance manager of Wuxi Taike (the "Finance Manager"), Wuxi Taiaoyi was previously managed by Mr. Dai Jialong and was then managed by Mr. Dai Jialong's daughter, and the payment amount and payment method made by Wuxi Taike to Wuxi Taiaoyi were decided by Mr. Dai Jialong and executed by the Finance Manager.

As the predecessor auditor was unable to obtain satisfactory explanation of the reason for the above relationship between Wuxi Taiaoyi and Wuxi Taike or its related party, the predecessor auditor was unable to determine whether the above acquisition of equipment from Wuxi Taiaoyi should be disclosed as a related party transaction in the consolidated financial statements for the year ended 31 March 2019.

1.3 Purchases of raw materials from and deposits paid to Xinchaoshun

Xinchaoshun was one of the major vendors of Wuxi Taike. Wuxi Taike made purchases of RMB11,638,000 (equivalent to HK$13,643,000) (2018: RMB116,475,000 (equivalent to HK$136,431,000)) from Xinchaoshun for the year ended 31 March 2019. As at 31 March 2019, a deposit paid to Xinchaoshun amounting to RMB7,020,000 (equivalent to HK$8,210,000) for raw materials had not been utilised and was recorded as a purchase deposit in the consolidated statement of financial position. According to the SAMR website, Xinchaoshun had the same phone number as Wuxi Taike and the same email address as Jiangyin Ruijia.

The predecessor auditor was unable to obtain satisfactory explanation of the reason for the above relationship between Xinchaoshun and Wuxi Taike or its related party. In addition, the predecessor auditor was unable to determine whether the above purchases from Xinchaoshun should be disclosed as a related party transaction in the consolidated financial statements for the year ended 31 March 2019 and whether the purchase deposit receivable from Xinchaoshun should be disclosed as an amount due from a related party.

1.4 Receivable from Wuxi Qikai Mica Material Co., Ltd ("Wuxi Qikai")

Wuxi Qikai was a major customer of Wuxi Taike. The gross balance of trade receivables due from Wuxi Qikai as at 31 March 2019 was RMB62,141,000 (equivalent to HK$73,478,000) (2018: RMB68,158,000 (equivalent to HK$85,174,000)), before provision for impairment. During the year ended 31 March 2019, due to a significant delay in settlement by Wuxi Qikai, Wuxi Taike recorded a further impairment of HK$62,478,000 (2018: HK$11,000,000).

According to the SAMR website, the former contact phone number of Wuxi Qikai belonged to the Finance Manager until 2016. The contact phone number of Wuxi Qikai was changed in 2016.

The predecessor auditor was unable to obtain a satisfactory explanation as to the relationship between Wuxi Qikai and Wuxi Taike or its related party, and in particular, the predecessor auditor was unable to obtain sufficient explanation of the reasons for the arrangement of allowing excessive credit to Wuxi Qikai during the year ended 31 March 2019 which was different from the prior years. As a result, the predecessor auditor was unable to determine whether the above receivable from Wuxi Qikai should be disclosed as an amount due from a related party in the consolidated financial statements for the year ended 31 March 2019.

Although management represented to the predecessor auditor that the transactions with Jiangyin Youjia as set out in 1.1 above are not related party transactions as Jiangyin Youjia was no longer a related party subsequent to 31 December 2018 and that the entities in 1.2 to 1.4 above were not related to the Group; due to the reasons set out in *the preceding paragraphs above, the predecessor auditor was not able to ascertain whether the companies mentioned above were related parties and whether the transactions with the above entities should be disclosed as related party transactions in the consolidated financial statements pursuant to Hong Kong Accounting Standard 24 Related Party Disclosures ("HKAS 24").*

In view of the identification of various potential related parties which were not identified as related parties by the management, the predecessor auditor was unable to obtain sufficient evidence to ensure the completeness of the disclosure of all related party transactions in the consolidated financial statements, and whether there were any further related party transactions that would require disclosure. As a result, in light of the significance of the above transactions conducted by Wuxi Taike which constituted a significant part of the Group's consolidated net assets and loss for the year, the predecessor auditor was unable to satisfy themselves as to: (i) the completeness and adequacy of the disclosures of the Group's related party transactions under HKAS 24 in the year ended 31 March 2019 and prior years; and (ii) whether the impact of any unidentified related party transactions have been properly accounted for in the assets and liabilities of Wuxi Taike, and the resulting impact on Wuxi Taike's loss for the year ended 31 March 2019.

2. *Impairment of property, plant and equipment*

As at 31 March 2019, the carrying value of property, plant and equipment of Wuxi Taike amounted to HK$50,014,000, after a provision for impairment of HK$49,915,000. During the year ended 31 March 2019, the management of the Company considered that the recoverable amount of the property, plant and equipment of Wuxi Taike was less than the carrying amount and recorded a provision for impairment of HK$49,915,000 based on a valuation determined by a valuer appointed by the Company. In accordance with Hong Kong Accounting Standard 36 Impairment of Assets, an asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal. According to the valuation report prepared by the valuer, the replacement cost model was adopted for the estimation of the fair value less costs of disposal of the property, plant and equipment as the value in use of the property, plant and equipment was not applicable. However, due to the specialised nature of the property, plant and equipment of Wuxi Taike, and the absence of additional audit evidences, the predecessor auditor was unable to determine whether it was appropriate to use the valuation determined by the valuer using the replacement cost model as the recoverable amount of the property, plant and equipment of Wuxi Taike. Accordingly, the predecessor auditor was unable to determine whether the fair value less costs of disposal of the property, plant and equipment of Wuxi Taike had been properly measured and whether the resulting provision for impairment loss of HK$49,915,000 had been properly measured and recorded in the consolidated financial statements for the year ended 31 March 2019."

As disclosed in the 2020 Annual report, on 28 February 2020 (the "Date of Disposal"), the Group completed the disposal of Wuxi Taike and its immediate and intermediate holding companies (collectively "Wuxi Taike Group"). 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 other satisfactory audit procedures that we could adopt to satisfy ourselves that the consolidated financial position of the Group as at 31 March 2019 and 1 April 2019 and the Group's consolidated financial performance, consolidated cash flows and the related disclosures in the notes to the financial statements for the year ended 31 March 2019 were properly stated. Any adjustments to the consolidated statement of financial position of the Group as at 31 March 2019 and 1 April 2019 might affect the Group's consolidated financial performance and consolidated cash flows for the year ended 31 March 2020.

2. ***Disposal of Wuxi Taike Group***

As disclosed in the 2020 Annual report, on the Date of Disposal, the Group completed the disposal of 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 consolidated management accounts of Wuxi Taike Group as at the Date of Disposal. Details of the assets and liabilities of the Wuxi Taike Group as at the Date of Disposal, and the details of consolidated profit and loss and cash flows of the Wuxi Taike Group for the period from 1 April 2019 to the Date of Disposal are set out in the 2020 Annual report.

Due to the facts as set out in (1) above, there were no alternative audit procedures that we could satisfy ourselves that:

(a) the carrying amounts in respect of the assets and liabilities of the Wuxi Taike Group at the Date of Disposal as set out in the 2020 Annual report were free from material misstatement;

(b) the loss on disposal of HK$8,462,000 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 2020 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 2020 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 consolidated financial performance, changes in equity, movement in consolidated cash flows and the related disclosures in the notes to the financial statements for the year ended 31 March 2020.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

THE BOARD'S RESPONSE TO THE AUDITOR'S OPINION

In regard to the matters described in the section headed "Qualified Opinion" in the Independent Auditor's Report, the Board would like to advise that the deposit pledge under the Deposit Pledge Contracts was released on 23 August 2019 and Wuxi Taike was disposed of to an independent third party on 28 February 2020. Mr. Dai and the then management of Wuxi Taike have left the Group in 2018. As such, the major audit issues surrounding Wuxi Taike, including the incident relating to the Deposit Pledge Contracts and various transactions with the potential related parties, do not have impact on the Group since the disposal of Wuxi Taike and accordingly, the impact of Wuxi Taike's business and operations is no longer of concern to the Company.

Based on the above, the Board is of the view that the audit issues underlying the qualified opinion have been addressed and resolved.

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 2020 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.

EVENT AFTER THE REPORTING PERIOD

There is no major event after the reporting period that should be notified to the shareholders of the Company.

DELAY IN DESPATCH OF 2020 AUDITED ANNUAL RESULTS AND 2020 ANNUAL REPORT

The auditing process for the 2020 Audited Annual Results had been delayed due to restrictions in force in parts of China as well as other countries to combat the COVID-19 outbreak and accordingly the auditors of the Company required more time to collect the audit evidence and conduct the audit procedure.

After publication of this 2020 Audited Annual Results, the Company would finalise and arrange for bulk-printing of the 2020 Annual Report, which is expected to be despatched to the shareholders of the Company on 23 October 2020.

The Company has made an application to The Stock Exchange of Hong Kong Limited for a waiver from strict compliance with Rule 13.46(2) of the Listing Rules for the further delay in the publication of the 2020 Annual Report. Further announcement(s) will be issued by the Company as and when necessary if there are other material development in the publication of the 2020 Annual Report.

* *For identification purpose only*

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

Hong Kong, 9 October 2020

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, Mr. Wong Kai Tung Simon and Mr. Wong Wai Kwan.