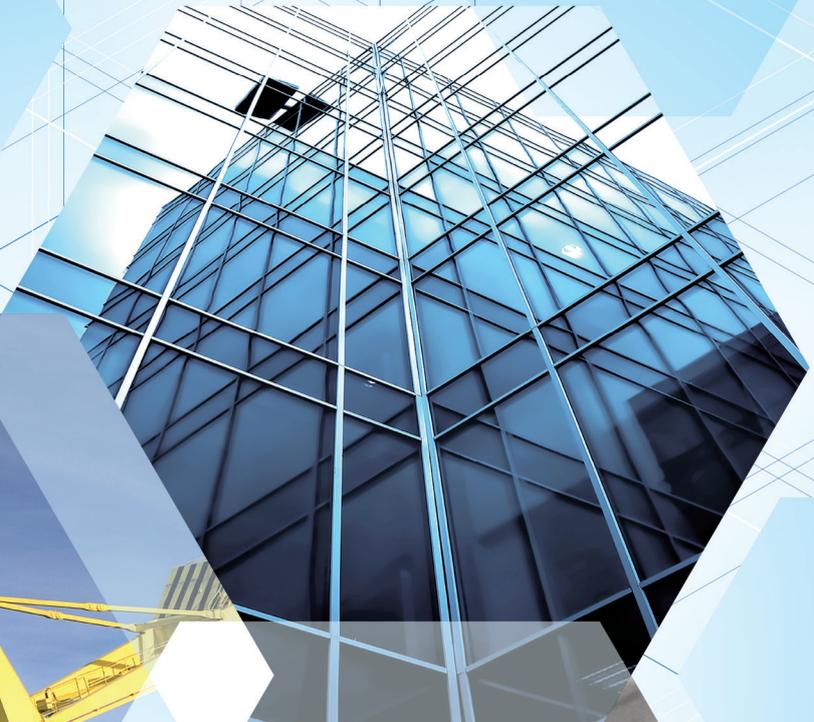


Vision Fame International Holding Limited

允升國際控股有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 1315



**INTERIM
REPORT
2020**

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Chau Chit (*Chairman*)
Zhu Xiaodong
Xie Xiaotao (resigned on 27 August 2020)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Tam Tak Kei Raymond
Wong Kai Tung Simon
Wong Wai Kwan

COMPLIANCE OFFICER

Zhang Wan (appointed on 20 April 2020)

COMPANY SECRETARY

Cheung Yiu Kuen

AUDIT COMMITTEE

Tam Tak Kei Raymond (*Chairman*)
Wong Kai Tung Simon
Wong Wai Kwan

REMUNERATION COMMITTEE

Wong Kai Tung Simon (*Chairman*)
Chau Chit
Tam Tak Kei Raymond
Wong Wai Kwan
Xie Xiaotao (resigned on 27 August 2020)

RISK MANAGEMENT COMMITTEE

Chau Chit (appointed on 20 April 2020)
Zhu Xiaodong (appointed on 20 April 2020)
Wong Wai Kwan (appointed on 20 April 2020)

NOMINATION COMMITTEE

Chau Chit (*Chairman*)
Tam Tak Kei Raymond
Wong Kai Tung Simon
Wong Wai Kwan
Xie Xiaotao (resigned on 27 August 2020)

REGISTERED OFFICE

Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2001&10, 20/F, No.118 Connaught Road West,
Hong Kong

AUDITOR

RSM Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited
DBS Bank (Hong Kong) Limited
DBS Bank Limited
Chong Hing Bank Limited

**PRINCIPAL SHARE REGISTRAR AND
TRANSFER OFFICE**

Ocorian Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

**HONG KONG BRANCH SHARE REGISTRAR
AND TRANSFER OFFICE**

Union Registrars Limited
Suites 3301-04, 33/F., Two Chinachem Exchange Square
338 King's Road
North Point, Hong Kong

COMPANY WEBSITE

www.visionfame.com

MANAGEMENT DISCUSSION AND ANALYSIS

(1) INTERIM RESULTS

For the half year ended 30 September 2020 (the "Period"), the Group recorded a turnover of approximately HK\$2,686 million representing an approximately 146% increase as compared to approximately HK\$1,091 million of the same period in 2019 (the "Prior Interim Period").

The Group recorded a gross profit of approximately HK\$48.8 million (Prior Interim Period: approximately HK\$38.0 million) for the Period, representing an approximately 28% 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 profit attributable to owners of the Company for the Period was approximately HK\$1,187,000 as compared to the loss of approximately HK\$5,073,000 in Prior Interim Period, representing a slight improvement of financial performance.

Basic earning per share for the Period was approximately HK0.02 cent (Prior Interim Period: loss per share approximately HK0.09 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\$46,789,000 (Prior Interim Period: approximately HK\$79,746,000).

Segment profit decreased from Prior Interim Period approximately HK\$6,998,000 to segment loss approximately HK\$3,835,000 in the Period.

The decrease in the segment revenue was mainly attributable to a full swing operations of two large scale building construction projects in Singapore in the Prior Interim Period that had contributed more segment revenue in the Prior Interim Period and also attributable to work interruption due to the outbreak of COVID-19 in the Period. Segment profit decreased from the Prior Interim Period to segment loss in the Period was mainly attributable to additional project costs incurred of the large scale building construction project in Singapore in the Period.

(ii) Property Maintenance

Revenue for the property maintenance segment decreased from approximately HK\$311,414,000 in the Prior Interim Period to approximately HK\$279,597,000 in the Period and segment profit increased from approximately HK\$11,787,000 in the Prior Interim Period to approximately HK\$24,105,000 in the Period.

The property maintenance projects mainly included maintenance works for public sectors. The decrease in segment revenue was mainly attributable to a large scale long term property maintenance contract, with contract value of approximately HK\$1,147 million secured in early 2020, which was in the preliminary stage in the Period that had contributed less segment revenue in the Period.

On the contrary, increase in segment profit was mainly attributable to additional construction costs of a large scale long term property maintenance project in the Prior Interim Period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(2) REVIEW OF OPERATIONS (Continued)

(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\$118,240,000 (Prior Interim Period: approximately HK\$138,669,000) and segment loss was approximately HK\$1,696,000 (Prior Interim Period: segment profit approximately HK\$7,599,000).

The decrease in the segment revenue from A&A works was mainly attributable to the recognition of more revenue from two large scale A&A works projects in Hong Kong which were in full swing operation in the Prior Interim Period. It was also attributable to the completion of several large scale projects in the Prior Interim Period.

Segment profit decreased from the Prior Interim Period to segment loss of the Period was mainly attributable to additional construction costs in the Period for completion of two large scale A&A works projects in the Period.

(iv) Trading of materials and Graphene Production

Revenue for this segment of the Period represented sales of materials such as iron ores, cast iron and coal of approximately HK\$2,241 million (Prior Interim Period: approximately HK\$561 million).

Segment profit was approximately HK\$6.1 million (Prior Interim Period: approximately HK\$10.6 million). Decrease in segment profit was mainly attributable to the decrease in gross profit margin during the period.

(3) PROSPECTS

Building construction, property maintenance and A&A works

The Hong Kong construction industry is slowing down in year 2020 because of the Covid-19 pandemic. Though the numbers of confirmed cases are surging globally, there are good news about the vaccine development. With also the outbreak in China has been effectively stabilized, our border with motherland may re-open soon. In this connection, the building market recession probably has reached the trough.

In 2021, the Hong Kong economy would not experience another serious decline. The Group expect there would be more work opportunities in the local construction market, but the competition would remain keen. To tackle the coming challenges, we would put more effort in operation costs control so as to keep the Group competitive in the market. Apart from that, the Group would explore other construction business opportunities in order to lower our business risk.

The construction industry in Singapore has been actively managing the Covid-19 outbreak and has largely contained the virus spread to allow almost all projects to resume operations. The Group has adopted numerous measures to curb the spread of the virus, ensure its workforce remain healthy and also introduced safeguards and contingency plans against a second wave of virus.

While these measures and safeguards may cause some hindrance to progress of works, the Group had made full use of the down-time during the 2 months Circuit Breaker and ensuing 2 months transition period to plan for works to be carried out in an expedited manner and to minimize abortive works.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(3) PROSPECTS (Continued)

Building construction, property maintenance and A&A works (Continued)

On the digital front, the Group is planning to adopt digital solutions like Safety & Quality Management application system (Hubble) as well as drone photography. Moving forward, as these digital solutions become more mainstream, the Group endeavours to be in the leading pack championing these digital solutions and pushing them to increase efficiency, effectiveness and productivity in this traditionally labour-intensive industry.

Trading of material business

Affected by the Covid-19, the market of materials such as iron ores and cast iron was more fluctuated as usual and the Group had taken a more prudent approach to minimize market risks when conducting the trading businesses. While revenue was steadily recognized with a lower profit margin amid the abnormal situation during the period, the management would strive to continue developing its trading business and be eager to contribute a stable return to the Group.

(4) MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

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 2020, the current assets and current liabilities were stated at approximately HK\$904.1 million (as at 31 March 2020: approximately HK\$1,025.4 million) and approximately HK\$769.9 million (as at 31 March 2020: approximately HK\$661.8 million), respectively. The current ratio decreased from 1.55 times as at 31 March 2020 to 1.17 times as at 30 September 2020. The current ratio is calculated by dividing current assets with current liabilities as at the end of the respective periods.

As at 30 September 2020, the Group had total cash and bank deposits of approximately HK\$53.0 million (as at 31 March 2020: approximately HK\$28.6 million).

As at 30 September 2020, total interest-bearing loans and zero-coupon convertible bond amounted to approximately HK\$243.0 million (31 March 2020: approximately HK\$243.0 million) and approximately HK\$22.7 million (31 March 2020: approximately HK\$21.4 million) respectively.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. As at 30 September 2020, the Group had obtained credit facilities from various banks and financial institutions up to a maximum amount of approximately HK\$154 million (31 March 2020: approximately HK\$154 million) and approximately HK\$24.1 million (31 March 2020: approximately HK\$24.8 million) of the credit facilities has been utilized.

As at 30 September 2020, the gearing ratio of the Group was approximately 26.7% (as at 31 March 2020: approximately 23.4%). The gearing ratio is calculated by dividing total interest-bearing borrowings with total assets as at the reporting date multiplied by 100%.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(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

Details of the Group's assets that are pledged to secure banking borrowings and performance bonds facilities granted to the Group, are set out in note 19 to the condensed consolidated financial statements.

(8) CONTINGENT LIABILITIES

The Group's significant contingent liabilities as at 30 September 2020 are set out in note 20 to the condensed consolidated financial statements.

(9) EVENT AFTER THE REPORTING PERIOD

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 report, the assessment is still in progress.

Save for disclosed above, there is no other significant event has taken place after 30 September 2020 and up to the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(10) MOVEMENT OF INCOMPLETE CONTRACTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	31 March 2020 HK\$'000	Contracts Secured HK\$'000	Contracts Completed HK\$'000	30 September 2020 HK\$'000
Building Construction	1,102,485	179,909	(0)	1,282,394
Property Maintenance	2,415,392	3,577	(421)	2,418,548
Alteration, Renovation, Upgrading and Fitting-Out Works	275,357	171,691	(39,389)	407,659
	3,793,234	355,177	(39,810)	4,108,601

Building Construction segment

Contracts secured for the six months ended 30 September 2020

Contracts	Commencement date	Contract value HK\$'000
Development of a 9-storey nursing home, Singapore	September 2020	179,909
Total		179,909

Property Maintenance segment

Contracts secured for the six months ended 30 September 2020

Contract	Commencement date	Contract value HK\$'000
Replacement of wooden louvres screen at Spago Lounge at Marina Bay Sands, Singapore	April 2020	654
Subdivision and conversion works reinstatement, upgrading of MEP services works at The Shoppes, Marina Bay Sands, Singapore	September 2020	2,923
Total		3,577

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(10) MOVEMENT OF INCOMPLETE CONTRACTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020 (Continued)

Alterations, Renovation, Upgrading and Fitting-Out Works segment

Contracts	Commencement Date	Contract value HK\$'000
New temporary leisure farm at Kennedy Town, Hong Kong	May 2020	33,846
Windows replacement and upgrading works for Hong Kong International School at Tai Tam, Hong Kong	June 2020	13,695
Renovation works to multi-purpose area of new annex for Baptist Lui Ming Choi Secondary School, Shatin, Hong Kong	May 2020	13,270
Renovation at Lee On Shopping Centre, Ma On Shan, Hong Kong	June 2020	7,780
Addition of waste water neutralization plant at Yeung Kin Man Academic Building for City University of Hong Kong	May 2020	4,467
Improvement works of Coastal Marine Laboratory and Physics Research Laboratory for The Hong Kong University of Science & Technology, Hong Kong	July 2020	7,304
Alteration and addition works to No. 69 Jervois Street, Sheung Wan, Hong Kong	July 2020	62,080
Improvement to station commercial area at ETS for MTR Corporation Ltd, Hong Kong	July 2020	16,833
Renovation works for office at EMSD Headquarters, Hong Kong	July 2020	1,624
Renovation works for toilets cum shower facilities at EMSD Headquarters, Hong Kong	July 2020	5,789
Renovation works for vehicle reception office at EMSD Headquarters, Hong Kong	August 2020	4,505
Renovation for Study Area in Library of Yeung Kin Man Building of City University of Hong Kong	August 2020	498
Total		171,691

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(10) MOVEMENT OF INCOMPLETE CONTRACTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020 (Continued)

Building Construction segment

Contract completed for the six months ended 30 September 2020

Contract	Commencement date	Completion date	Contract value HK\$'000
N/A	N/A	N/A	N/A
Total			

Property Maintenance segment

Contract completed for the six months ended 30 September 2020

Contracts	Commencement date	Completion date	Contract value HK\$'000
Remove steel beams at Skypark Pools and plumbing works at Marina Bay Sands	March 2020	June 2020	421
Total			421

Alterations, Renovation, Upgrading and Fitting-Out Works segment

Contracts completed for the six months ended 30 September 2020

Contracts	Commencement date	Completion date	Contract value HK\$'000
Tuen Mun building and bus depot toilets refurbishment for MTR Corporation Limited, Hong Kong	June 2019	April 2020	9,990
Renovation, alterations and additions works for Belt & Road Resources Centre for Li Po Chun United World College, Hong Kong	June 2019	April 2020	18,223
Replacement of solar water heaters for Tung Chung Municipal Services Building of EMSD, Hong Kong	August 2019	May 2020	1,840
Refurbishment to Tseung Kwan O and Shatin public toilets, Hong Kong	December 2019	August 2020	3,494
Renovation works for InnoStudio of EMSD Headquarters, Hong Kong	January 2020	May 2020	5,842
Total			39,389

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(10) MOVEMENT OF INCOMPLETE CONTRACTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020 (Continued)

Overall

Contracts secured subsequent to 30 September 2020 and up to the date of the report

Contracts	Commencement date	Contract value HK\$'000
N/A	N/A	N/A
Total		

(11) EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2020, the Group employed a total of 318 staff (as at 30 September 2019: 347 staff) which included Hong Kong, Singapore, the People's Republic of China and Macau employees. The total remuneration for staff was approximately HK\$50.6 million for the Period (Prior Interim Period: approximately HK\$59.0 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.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2020

	Notes	Six months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	5	2,685,819	1,091,219
Cost of sales and services		(2,637,012)	(1,053,258)
Gross profit		48,807	37,961
Other income	6	16,453	6,411
Other gains and (losses)	6	(435)	(415)
Selling expenses		(25,771)	—
Administrative expenses		(29,115)	(35,370)
Research and development costs		—	(999)
Profit from operations		9,939	7,588
Finance costs	7	(6,655)	(6,662)
Profit before tax		3,284	926
Income tax expenses	9	(2,894)	(5,999)
Profit/(loss) for the period		390	(5,073)
Other comprehensive income for the period, net of tax: <i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operation		8,581	(11,276)
Other comprehensive income for the period, net of tax		8,581	(11,276)
Total comprehensive income for the period		8,971	(16,349)
Profit/(loss) for the period attributable to:			
Owners of the Company		1,187	(5,073)
Non-controlling interests		(797)	—
		390	(5,073)
Total comprehensive income for the period attributable to:			
Owners of the Company		9,768	(16,349)
Non-controlling interests		(797)	—
		8,971	(16,349)
Earnings/(losses) per share	10		
Basic (HK cents per share)		0.02	(0.09)
Diluted (HK cents per share)		0.02	(0.09)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	<i>Notes</i>	As at 30 September 2020 HK\$'000 (Unaudited)	<i>As at 31 March 2020 HK\$'000 (Audited)</i>
Non-current assets			
Property, plant and equipment		3,877	2,631
Right-of-use assets	12	3,808	4,917
Financial assets at fair value through other comprehensive income	13	—	6,000
		7,685	13,548
Current assets			
Inventories		3,517	4,358
Trade and other receivables	14	473,321	574,972
Contract assets		300,447	344,327
Financial assets at fair value through profit or loss	13	14,142	13,881
Pledged bank deposits	15	59,681	59,266
Bank and cash balances	15	53,004	28,634
		904,112	1,025,438
Current liabilities			
Trade and other payables	16	449,893	432,121
Lease liabilities		3,287	3,124
Contract liabilities		39,242	192,159
Convertible bond	17	22,717	21,434
Amounts due to a related party	21(b)	1,527	337
Amount due to a director	21(b)	400	1,000
Loan from a related party	21(b)	243,009	—
Current tax liabilities		9,814	11,612
		769,889	661,787
Net current assets		134,223	363,651
Total assets less current liabilities		141,908	377,199

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 September 2020

	<i>Notes</i>	As at 30 September 2020 HK\$'000 (Unaudited)	<i>As at 31 March 2020 HK\$'000 (Audited)</i>
Non-current liabilities			
Loans from a related party	21(b)	—	243,009
Accruals and other payables		487	487
Lease liabilities		621	1,879
		1,108	245,375
NET ASSETS		140,800	131,824
Capital and reserves			
Share capital	18	12,000	12,000
Equity component of a convertible bond	17	11,746	11,746
Reserves		117,846	108,078
Equity attributable to owners of the Company		141,592	131,824
Non-controlling interests		(792)	—
TOTAL EQUITY		140,800	131,824

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Attributable to owners of the Company											
	Issued capital	Share premium account <i>(note (i))</i>	Equity component of a convertible bond	Foreign currency transaction reserve	Capital reserve <i>(note (ii))</i>	Legal reserve <i>(note (iii))</i>	Statutory surplus reserve	Other reserve <i>(note (iv))</i>	Accumulated losses	Total	Non-controlling interests ("NCI")	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2019 (audited)	12,000	300,824	11,746	(328)	3,642	12	—	22,000	(198,613)	151,283	—	151,283
Total comprehensive income for the period	—	—	—	(11,276)	—	—	—	—	(5,073)	(16,349)	—	(16,349)
Change in equity for the period	—	—	—	(11,276)	—	—	—	—	(5,073)	(16,349)	—	(16,349)
At 30 September 2019 (unaudited)	12,000	300,824	11,746	(11,604)	3,642	12	—	22,000	(203,686)	134,934	—	134,934
At 1 April 2020 (audited)	12,000	300,824	11,746	(822)	3,642	12	772	22,000	(218,350)	131,824	—	131,824
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	—	—	5	5
Total comprehensive income for the period	—	—	—	8,581	—	—	—	—	1,187	9,768	(797)	8,971
Change in equity for the period	—	—	—	8,581	—	—	—	—	1,187	9,768	(792)	8,976
At 30 September 2020 (unaudited)	12,000	300,824	11,746	7,759	3,642	12	772	22,000	(217,163)	141,592	(792)	140,800

Notes:

- (i) Under the Companies Law, Cap 22 (Law 6 of 1961, as consolidated and revised) of the Cayman Islands, the share premium account of the Company is distributable to its shareholders, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.
- (ii) Capital reserve comprises the following:
- Wan Chung Construction Company Limited ("Wan Chung Construction") acquired the entire equity interest in Wan Chung Property Company Limited from its then shareholder at a discount of approximately HK\$2,776,000 which was deemed to be capital contribution from owners of the Company.
 - Wan Chung Construction recovered indemnified taxation of approximately HK\$866,000 from its former shareholder pursuant to the deed of indemnity which was deemed to be capital contribution from owners of the Company.
- (iii) In accordance with the provisions of Macau Commercial Code, the Company's subsidiary incorporated in Macau is required to transfer 25% of its annual net profit to a legal reserve until the balance of the reserve reaches 50% of the subsidiary's registered capital, legal reserve is not distributable to shareholders. No transfer was made in current and prior periods as the subsidiary incurred a loss for both periods.
- (iv) Other reserve represents the difference between the nominal value of the issued share capital of the subsidiaries acquired and the consideration paid pursuant to the group reorganization in preparation for the listing of the Company's shares on the Stock Exchange of Hong Kong Limited in January 2012.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	20,867	(116,391)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,687)	(1,769)
Proceeds from disposals of property, plant and equipment	260	50
Bank interest received	437	1,930
(Increase)/decrease in pledged bank deposits	(415)	103,971
Proceeds from disposal of financial assets at fair value through profit or loss	3,600	—
Net cash from investing activities	1,195	104,182
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings raised	81,000	—
Repayment of borrowings	(81,000)	(91)
Bank interest paid	(638)	(20)
Principal element of lease payments	(1,741)	(7,374)
Interest expenses on lease liabilities	(104)	—
Decrease in amount due to related parties	(3,435)	(9)
Increase in amount due to a director	(600)	—
Net cash used in financing activities	(6,518)	(7,494)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	15,544	(19,703)
Effect of foreign exchange rate changes	8,826	1,865
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	28,634	83,537
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	53,004	65,699
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	34,804	65,699
Non-pledged time deposits with original maturity of less than three months when acquired	18,200	—
	53,004	65,699

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 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 Group is principally engaged in the provision of building construction services, property maintenance services, alterations, renovation, upgrading works and fitting-out works services and trading of materials.

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the 2020 annual consolidated financial statements. The accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the Group’s annual consolidated financial statements for the year ended 31 March 2020.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2020. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The accounting policies applied in these financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 March 2020. A number of new or amended standards are effective from 1 April 2020 but they do not have a material effect on the Group’s consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2020

4. FAIR VALUE MEASUREMENT

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The following table shows the carrying amounts and fair value of financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value of the carrying amount is a reasonable approximation of fair value.

(a) Disclosures of level in fair value hierarchy at:

Description	At 30 September 2020			
	Fair value measurements using:			
	Level 1 HK\$'000 (Unaudited)	Level 2 HK\$'000 (Unaudited)	Level 3 HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
— Listed equity investment	1,638	—	—	1,638
— Listed debt investment	290	—	—	290
— Other unlisted investment	—	12,214	—	12,214
Total	1,928	12,214	—	14,142

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2020

4. FAIR VALUE MEASUREMENT (Continued)

(a) Disclosures of level in fair value hierarchy at: (Continued)

Description	At 31 March 2020			
	Fair value measurements using:			
	Level 1	Level 2	Level 3	Total
	HK\$'000 (Audited)	HK\$'000 (Audited)	HK\$'000 (Audited)	HK\$'000 (Audited)
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
— Listed equity investment	1,574	—	—	1,574
— Listed debt investment	275	—	—	275
— Other unlisted investment	—	12,032	—	12,032
Financial assets at FVTOCI				
Unlisted equity investment	—	—	6,000	6,000
Total	1,849	12,032	6,000	19,881

(b) Reconciliation of financial assets measured at fair value based on level 3:

	Financial assets at FVTPL unlisted equity securities	
	At 30 September 2020 HK\$'000 (Unaudited)	At 31 March 2020 HK\$'000 (Audited)
At beginning of period/year	6,000	—
Addition	—	6,000
Disposal	(6,000)	—
At end of period/year	—	6,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2020

4. FAIR VALUE MEASUREMENT (Continued)

- (c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 September 2020 and 31 March 2020:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

The fair value of unlisted investments at FVTPL is estimated by the market price of the other instruments with similar terms, credit risk and remaining maturities in the market.

The management of the Group has estimated the fair value of the unlisted equity investment of FVTOCI with reference to recent transaction price of the investment that are not supported by observable market prices or rates. The directors believe that the estimated fair value based on the above valuation technique are reasonable and appropriate at the end of the reporting period.

There were no changes in the valuation techniques used.

5. REVENUE AND SEGMENT INFORMATION

The Group has four operating segments as follows:

- (a) Building construction and other construction related business
- (b) Alterations, renovation, upgrading and fitting-out works
- (c) Property maintenance
- (d) Trading of materials

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that certain other income and gain/loss, finance costs, and gain on deregistration of subsidiaries as well as head office and corporate expenses are excluded from such measurement.

There were no intersegment sales or transfers during the period (2019: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2020

5. REVENUE AND SEGMENT INFORMATION (Continued)

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

	Building construction and other construction related business HK\$'000 (Unaudited)	Alterations, renovation, upgrading and fitting-out works HK\$'000 (Unaudited)	Property maintenance HK\$'000 (Unaudited)	Trading of materials HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Six months ended 30 September 2020					
Segment revenue					
— External customers	46,789	118,240	279,597	2,241,193	2,685,819
Segment profit/(loss)	(3,835)	(1,696)	24,105	6,075	24,649
Unallocated other income					14,219
Other gains and (losses)					(435)
Administrative expenses					(28,494)
Finance costs					(6,655)
Profit before tax					3,284
	Building construction and other construction related business HK\$'000 (Unaudited)	Alterations, renovation, upgrading and fitting-out works HK\$'000 (Unaudited)	Property maintenance HK\$'000 (Unaudited)	Trading of materials HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Six months ended 30 September 2019					
Segment revenue					
— External customers	79,746	138,669	311,414	561,390	1,091,219
Segment profit	6,998	7,599	11,787	10,582	36,966
Unallocated other income and other gains and (losses)					5,992
Administrative expenses					(35,370)
Finance costs					(6,662)
Profit before tax					926

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2020

6. OTHER INCOME AND OTHER GAINS AND (LOSSES)

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Other income		
Interest income from sub-contractors	2,224	3,819
Bank interest income	437	1,930
Government grants	13,186	143
Others	606	519
	16,453	6,411
Other gains and (losses)		
Fair value gains on financial assets at fair value through profit or loss	181	178
Net foreign exchange loss	(44)	(4)
Gain/(loss) on disposal of property, plant and equipment	8	(589)
Others	(580)	—
	(435)	(415)
	16,018	5,996

7. FINANCE COSTS

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest on:		
Banks and other loans	638	111
Convertible bond	1,283	1,302
Lease liabilities	104	523
Loans from a related party (Note 21(a))	4,630	4,726
	6,655	6,662

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2020

8. PROFIT/(LOSS) FOR THE PERIOD

Profit/(loss) for the period is arrived at after charging/(crediting):

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment	1,232	2,520
Depreciation of right-of-use assets	1,755	9,713
Research and development costs	—	999
Lease payments not included in the measurement of lease liabilities	140	109
Bank interest income	(437)	(1,930)
Interest income from sub-contractors	(2,224)	(3,819)
(Gain)/loss on disposal of property, plant and equipment	(8)	589
Net foreign exchange loss	44	4

9. INCOME TAX EXPENSES

Pursuant to the rules and regulations of the Cayman Islands, Republic of Seychelles 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%).

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current tax		
— Hong Kong	1,520	3,132
— Elsewhere	1,374	2,867
	2,894	5,999

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2020

10. EARNINGS/(LOSSES) PER SHARE

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 (2019: 6,000,000,000) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 September 2020 and 2019.

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

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Profit/(loss) attributable to ordinary equity holders of the parent	1,187	(5,073)

	Number of shares Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Weighted average number of ordinary shares in issue during the period	6,000,000	6,000,000

11. DIVIDEND

The Directors do not recommend the payment of any dividend for the six months from 1 April 2020 to 30 September 2020 (six months from 1 April 2019 to 30 September 2019: Nil).

12. RIGHT-OF-USE ASSETS

The carrying amounts of the Group's right-of-use assets and the movements during the period are as follows:

	Leased properties	
	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
At beginning of the period/year	4,917	29,360
Additions	643	2,843
Depreciation charge	(1,755)	(16,967)
Disposal of subsidiaries	—	(8,761)
Exchange realignments	3	(1,558)
At end of period/year	3,808	4,917

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2020

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AND FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Equity investment at fair value through other comprehensive income		
Unlisted equity investment, at fair value Jiangsu Fraternity Investment Limited	—	6,000
Financial assets at fair value through profit or loss		
Listed equity investment, at fair value HLH Group Limited	1,638	1,574
Listed debt investment, at fair value DBS High Notes NCPS 4.7%	290	275
Unlisted investment, at fair value HSBC Keyman Insurance Scheme	12,214	12,032
	14,142	13,881

14. TRADE AND OTHER RECEIVABLES

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Trade receivables	204,473	405,816
Less: allowance for doubtful debts	—	—
	204,473	405,816
Prepayments	246,516	159,595
Deposits and other receivables	22,332	9,561
	268,848	169,156
	473,321	574,972

The Group's trading terms with other customers are mainly based on the contract terms. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2020

14. TRADE AND OTHER RECEIVABLES (Continued)

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 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
0 to 90 days	203,195	402,405
91 to 180 days	1,032	—
181 to 365 days	246	3,411
	204,473	405,816

15. PLEDGED BANK DEPOSITS AND BANK AND CASH BALANCES

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Cash and bank balances	34,804	16,879
Time deposits at banks	18,200	11,755
	53,004	28,634
Pledged deposits	59,681	59,266

At the end of the reporting period, the cash and cash equivalents of the Group denominated in Renminbi ("RMB") amounted to approximately HK\$119,000 (2020: approximately HK\$4,654,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between fourteen days and twelve months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2020

16. TRADE AND OTHER PAYABLES

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Trade payables	213,955	197,363
Retention monies payables	48,541	51,172
	262,496	248,535
Accruals and other payables	187,884	184,073
Less: non-current portion	(487)	(487)
	187,397	183,586
	449,893	432,121

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

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
0 to 90 days	212,149	195,074
91 to 180 days	103	17
181 to 365 days	332	2,004
Over 365 days	1,371	268
	213,955	197,363

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2020

17. 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 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 on the convertible bond expired on 31 March 2018 and the 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 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Nominal value		
At 1 April 2019, 31 March 2020, 1 April 2020 and 30 September 2020	24,000	24,000
Liability component		
At 1 April	21,434	18,739
Interest expense	1,283	2,695
At period/year end	22,717	21,434
Equity component		
At 1 April 2019, 31 March 2020, 1 April 2020 and 30 September 2020	11,746	11,746

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2020

18. SHARE CAPITAL

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Authorised: 10,000,000,000 ordinary shares of HK\$0.002 each (31 March 2020: 10,000,000,000 ordinary shares of HK\$0.002 each)	20,000	20,000
Issued and fully paid: 6,000,000,000 ordinary shares of HK\$0.002 each (31 March 2020: 6,000,000,000 ordinary shares of HK\$0.002 each)	12,000	12,000

19. PLEDGE OF ASSETS

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

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Other receivables	4,720	4,700
Financial assets at fair value through profit or loss	12,214	12,032
Bank deposits and restricted cash	59,681	59,266
	76,615	75,998

20. CONTINGENT LIABILITIES

Performance bonds amounting to approximately HK\$95,945,000 (31 March 2020: approximately HK\$101,226,000) were given by banks or insurance companies in favour of some of the Group's customers as security for the due performance and observance of the Group's obligations under the construction contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the banks or insurance companies to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks or insurance companies accordingly. The performance bonds will be released upon completion of the contract works for the relevant customers.

In addition, certain subsidiaries of the Company are defendants in numbers of claims, lawsuits, arbitrations and potential claims relating to subcontracting fees, damages of personal injuries and breach of construction contracts. The directors of the Company considered that the possibility of any outflow in settling the legal claims is remote, after due consideration of each case and with reference to legal advice.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2020

21. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the period:

	Note	Six months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest expense paid to a director of certain subsidiaries of the Company	(i)	4,630	4,726

Note:

- (i) The interest expense was loan interest charged on loans from Mr. Wong Law Fai, a director of certain subsidiaries of the Company, pursuant to a loan agreement dated 1 December 2013. The amounts due to and loans from a related party are detailed in note 21(b) below.

(b) Outstanding balances with related parties:

The loans from a related party were advanced by Mr. Wong Law Fai, a director of certain subsidiaries of the Company. The loans are unsecured and bear interest at 3.8% per annum and repayable in September 2021 as extended by Mr. Wong Law Fai.

The amounts due to a related party of approximately HK\$1,527,000 (31 March 2020: approximately HK\$337,000) was advanced by Mr. Wong Law Fai, director of certain subsidiaries of the Company, respectively. They are unsecured, interest-free and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 September 2020

21. RELATED PARTY TRANSACTIONS (Continued)

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the period is as follows:

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Salaries, allowances and other benefits	4,233	7,924
Contributions to retirement benefits scheme	27	110
	4,260	8,034

- (d) The Company and Mega Start Limited entered into a subscription agreement on 16 December 2015 in relation to subscription for 90,000,000 shares and an agreement on 16 December 2015 in relation to subscription of a convertible bond in a principal amount of HK\$24,000,000. Details are stated in the Company's Circular dated 15 January 2016. Details of the convertible bond are included in note 17 to the condensed financial statements.
- (e) Performance bond of approximately HK\$38,360,000 (31 March 2020: HK\$36,322,000) was guaranteed by Mr. Wong Law Fai, a director of certain subsidiaries of the Company.

The related party transactions in respect of items (a) and (e) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

22. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved and authorised for issue by the Board on 30 November 2020.

OTHER INFORMATION

INTERIM DIVIDEND

The directors of the Company (the "Directors") do not recommend the payment of dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

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 2020.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2020, the interests or short positions of the Directors and chief executives of the Company in the shares of the Company (the "Shares"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as follows:

Name of Directors	Capacity	Number of shares held <i>(note 1)</i>	Percentage of the issued share capital of the Company <i>(note 1)</i>
Mr. Chau Chit <i>(note 2)</i>	Interest of Controlled Corporation	600,000,000 (L)	10.00%
Mr. Xie Xiaotao (resigned on 27 August 2020)	Beneficial owner	50,000,000 (L)	0.83%
Mr. Wong Wai Kwan	Beneficial owner	5,000,000 (L)	0.08%

Notes:

1. The letter "L" denotes the person's long position in such securities. The number of shares are the number of shares held as at 30 September 2020 and the percentage of the issued share capital of the Company is calculated on the basis of 6,000,000,000 shares in issue as at 30 September 2020.
2. Mr. Chau Chit, the executive Director, is the ultimate beneficial owner of Mega Start Limited ("Mega Start"). By virtue of the SFO, Mr. Chau Chit is deemed to be interested in the 600,000,000 Shares held by Mega Start.

Save as disclosed above, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION (CONTINUED)

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed above, at no time during the six months ended 30 September 2020 was the Company, or any of its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the Shares, or underlying shares, or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2020, the following persons (other than Directors or chief executives of the Company) were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Listing Rules of the Stock Exchange:

Name of Shareholders	Capacity	Number of Shares held <i>(note 1)</i>	Percentage of the issued share capital of the Company <i>(note 1)</i>
Million Creation Holdings Limited <i>(note 2)</i>	Beneficial owner	710,000,000 (L)	11.83%
SWH Investments Inc. <i>(note 2)</i>	Interest of controlled corporation	710,000,000 (L)	11.83%
Horizon Holding Inc <i>(note 2)</i>	Interest of controlled corporation	710,000,000 (L)	11.83%
William Sun <i>(note 2)</i>	Beneficial owner and Interest of controlled corporation	715,274,000 (L)	11.92%
Mega Start Limited	Beneficial owner	600,000,000 (L)	10.00%
Fount Holdings Limited	Beneficial owner	475,000,000 (L)	7.92%
Mr. Tang Hao <i>(note 3)</i>	Interest of controlled corporation	475,000,000 (L)	7.92%
Earnstar Holding Limited	Beneficial owner	350,000,000 (L)	5.83%
Dungbao Limited <i>(note 4)</i>	Interest of controlled corporation	350,000,000 (L)	5.83%
Mr. Ma Zenglin <i>(note 5)</i>	Interest of controlled corporation	350,000,000 (L)	5.83%
Zhongtai Financial Investment Limited <i>(note 6)</i>	Person having a security interest in shares <i>(note 2)</i>	300,000,000 (L)	5.00%
Zhongtai Financial International Limited <i>(note 6)</i>	Interest of corporation controlled by you	300,000,000 (L)	5.00%
Zhongtai Securities Company Limited <i>(note 6)</i>	Interest of corporation controlled by you	300,000,000 (L)	5.00%

OTHER INFORMATION (CONTINUED)

Notes:

1. The letter "L" denotes the person's long position in such securities. The number of shares are the number of shares held as at 30 September 2020 and the percentage of the issued share capital of the Company is calculated on the basis of 6,000,000,000 shares in issue as at 30 September 2020.
2. Mr. William Sun owns the entire issued share capital of Horizon Holding Inc., which wholly owned SVH Investments Inc., which owned Million Creation Holdings Limited. By virtue of the SFO, Mr. William Sun, Horizon Holding Inc. and SVH Investments Inc. are deemed to be interested in the 710,000,000 Shares held by Million Creation Holdings Limited. In addition, Mr. William Sun directly holds 5,274,000 Shares.
3. Mr. Tang Hao owns the entire issued share capital of Fount Holdings Limited. By virtue of the SFO, Mr. Tang Hao is deemed to be interested in the 475,000,000 Shares held by Fount Holdings Limited.
4. Dungbao Limited owns the entire issued share capital of Earnstar Holding Limited. By virtue of the SFO, Dungbao Limited is deemed to be interested in the 350,000,000 Shares held by Earnstar Holding Limited.
5. Mr. Ma Zenglin owns the entire issued share capital of Dungbao Limited. By virtue of the SFO, Mr. Ma Zenglin is deemed to be interested in the 350,000,000 Shares held by Earnstar Holding Limited.
6. Based on the information available to the Company, Zhongtai Financial Investment Limited has a security interest in 300,000,000 shares and is directly wholly owned by Zhongtai Financial International Limited, which is wholly owned by Zhongtai Securities Company Limited. Zhongtai Financial International Limited and Zhongtai Securities Company Limited are therefore deemed to be interested in all the shares in which Zhongtai Financial Investment Limited is interested under the SFO.

Save as disclosed above, as at 30 September 2020, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The share option scheme of the Company (the "Share Option Scheme") was adopted by the sole Shareholder by way of written resolution on 19 December 2011. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The Company believes that by offering the eligible persons a shareholding stake in the Company, the interests of the eligible persons and the Company will align and thereby the eligible persons with additional incentives to improve the Company's performance.

There is no option outstanding, granted, exercised, cancelled or lapsed during the Period.

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.

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 2020.

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 period from 1 April 2020 to 30 September 2020.

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.

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.

OTHER INFORMATION (CONTINUED)

CHAIRMAN'S APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to all our staff for their total dedication, efforts and contribution during such challenging period. I should also thank all of our Shareholders for their support and confidence in us.

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

Hong Kong, 30 November 2020

As at the date of this report, 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.