

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Vision International Holdings Limited
威誠國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8107)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2018**

The Board (the “**Board**”) of Directors (the “**Directors**”) of Vision International Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the three months ended 31 March 2018. This announcement, containing the full text of the 2018 First Quarterly Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcement of quarterly results. Printed version of the Company’s 2018 First Quarterly Report will be delivered to the shareholders of the Company and available for viewing on the websites of GEM at www.hkgem.com and of the Company at www.vision-holdings.com.hk in due course.

By Order of the Board
Vision International Holdings Limited
威誠國際控股有限公司
Mr. Ko Sin Yun
Chairman and Executive Director

Hong Kong, 14 May 2018

As at the date of this announcement, the executive Directors of the Company are Mr. Ko Sin Yun, Mr. Ko Man Ho and Mr. Cheng Ka Wing; and the independent non-executive Directors of the Company are Mr. To King Yan, Adam, Mr. Kwok Chee Kin and Mr. Chan Kim Sun.

This announcement for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

The announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the day of its posting and on the website of the Company at www.vision-holdings.com.hk.

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report for which the directors (the “Directors”) of Vision International Holdings Limited (the “Company”, and together with its subsidiaries, the “Group”, “we” or “our”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



Contents

Corporate Information	3
Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	4
Unaudited Condensed Consolidated Statement of Changes in Equity	6
Notes to the Unaudited Condensed Consolidated Financial Information	7
Management Discussion and Analysis	14
Other Information	19

Corporate Information

BOARD OF DIRECTORS

Executive Directors:

Mr. Ko Sin Yun (*Chairman*)
Mr. Ko Man Ho
Mr. Cheng Ka Wing

Independent Non-Executive Directors:

Mr. To King Yan, Adam
Mr. Kwok Chee Kin
Mr. Chan Kim Sun

AUDIT COMMITTEE

Mr. Chan Kim Sun (*Chairman*)
Mr. To King Yan, Adam
Mr. Kwok Chee Kin

REMUNERATION COMMITTEE

Mr. To King Yan, Adam (*Chairman*)
Mr. Chan Kim Sun
Mr. Kwok Chee Kin

NOMINATION COMMITTEE

Mr. Ko Sin Yun (*Chairman*)
Mr. Chan Kim Sun
Mr. To King Yan, Adam

COMPANY SECRETARY

Ms. Ngai Kit Fong, *FCIS, FCS (PE)*

COMPLIANCE OFFICER

Mr. Cheng Ka Wing

AUTHORISED REPRESENTATIVES FOR THE PURPOSE OF THE GEM LISTING RULES

Mr. Cheng Ka Wing
Ms. Ngai Kit Fong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

No. 4, 7/F, Saxon Tower
7 Cheung Shun Street
Lai Chi Kok
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 268
Grand Cayman KY1-1111
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services
Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

COMPLIANCE ADVISER

Giraffe Capital Limited

LEGAL ADVISER TO THE COMPANY AS TO HONG KONG LAW

Miao & Co. (in Association with
Han Kun Law Offices)

PRINCIPAL BANKERS

The Hongkong and Shanghai
Banking Corporation

Standard Chartered Bank
(Hong Kong) Limited

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountant

STOCK CODE

8107

COMPANY'S WEBSITE

www.vision-holdings.com.hk

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

The board of Directors (the "Board") of the Company hereby announces the unaudited condensed consolidated financial results of the Group for the three months ended 31 March 2018 together with the comparative unaudited figures for the corresponding period in 2017, as follows:

	Notes	Three months ended 31 March	
		2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
Revenue	3	8,082	4,833
Cost of sales		(5,726)	(2,368)
Gross profit		2,356	2,465
Other income	4	928	7,282
Other gains and losses	5	106	951
Selling and distribution expenses		(1,740)	(1,124)
Administrative expenses		(1,413)	(785)
Listing expenses		(1,510)	(1,601)
Finance costs		(61)	(73)
(Loss) Profit before taxation		(1,334)	7,115
Income tax expense	6	(36)	(92)
(Loss) Profit for the period	7	(1,370)	7,023

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Three months ended 31 March	
		2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
	Notes		
Other comprehensive expense			
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Exchange differences arising on the translation of functional currency to presentation currency		–	(893)
Total comprehensive (expense) income for the period		(1,370)	6,130
(Loss) Earnings per share — basic and diluted (HK cents)	9	(0.14)	0.70

Unaudited Condensed Consolidated Statement of Changes in Equity

	Share capital HK\$'000	Other reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
At 1 January 2017 (audited)	–*	(99,345)	(8,130)	130,245	22,770
Profit for the period	–	–	–	7,023	7,023
Exchange differences arising on the translation of functional currency to presentation currency	–	–	(893)	–	(893)
Total comprehensive income (expense) for the period	–	–	(893)	7,023	6,130
Dividends	–	–	–	(4,300)	(4,300)
Group reorganisation	1	(1)	–	–	–
At 31 March 2017 (unaudited)	1	(99,346)	(9,023)	132,968	24,600
At 1 January 2018 (audited)	1	(103,262)	(7,252)	148,410	37,897
Loss for the period	–	–	–	(1,370)	(1,370)
Total comprehensive expense for the period	–	–	–	(1,370)	(1,370)
At 31 March 2018 (unaudited)	1	(103,262)	(7,252)	147,040	36,527

* Amount less than HK\$1,000

Notes to the Unaudited Condensed Consolidated Financial Information

1. GENERAL

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 19 January 2017. The Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance (Cap 622 of the laws of Hong Kong) on 23 June 2017. The shares of the Company have been listed (the "Listing") on GEM of the Stock Exchange on 4 May 2018 (the "Listing Date"). The address of the registered office and principal place of business in Hong Kong of the Company are disclosed in the corporate information section to this report.

The Company is an investment holding company. The principal activities of its subsidiaries are one-stop full-service apparel supply chain management ("SCM") services provider.

The Company regarded Euro ("EUR") as its functional currency for the three months ended 31 March 2017 and starting from 31 May 2017, due to the change of the underlying transactions, events and conditions that are relevant to the Group, the directors of the Company have reconsidered and determined that the functional currency of the Company should be changed from EUR to United States dollars ("US\$") in order to better reflect the currency that mainly influences the development of the business activities of the Company. The change in the functional currency of the Company was applied prospectively from the date of change in accordance with Hong Kong Accounting Standard ("HKAS") 21 "The Effects of Changes in Foreign Exchange Rate".

The unaudited condensed consolidated financial statements are presented in Hong Kong dollar ("HK\$"), which is different from the functional currency of the Company. The directors of the Company consider that presenting the unaudited condensed consolidated financial statements in HK\$ is preferable as the Group's principle place of business is in Hong Kong.

2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Prior to a group reorganisation as more fully explained in the section headed "History and Reorganisation" (the "Reorganisation") in the prospectus of the Company dated 23 April 2018 (the "Prospectus"), Vision Garments Limited ("Vision Garments") was a wholly-owned operating subsidiary of Market Gala Limited ("Market Gala"). Market Gala was directly held and controlled by Mr. Ko Sin Yun ("Mr. Ko" or the "Controlling Shareholder"). To rationalise the structure of the Group in preparation for the Listing, the companies now comprising the Group underwent a series of reorganisation which involved the followings steps:

- i. On 28 November 2016, Metro Vanguard Limited ("Metro Vanguard") was incorporated in British Virgin Islands ("BVI") with limited liability with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On 19 December 2016, Metro Vanguard allotted and issued 1 fully paid share to Mr. Ko for cash at par value. On 29 December 2016, 99 fully paid shares of Metro Vanguard were further allotted and issued to Mr. Ko at par value.
- ii. On 29 December 2016, Metro Vanguard acquired 1 share of Market Gala (being the then entire issued share capital) from Mr. Ko at a consideration of US\$1.00.
- iii. On 15 February 2017, the Company acquired the 1 share (being the then entire issued share capital) of Market Gala from Metro Vanguard at a consideration of 99 new shares of the Company to be issued to Metro Vanguard, all credited as fully paid.

Notes to the Unaudited Condensed Consolidated Financial Information

2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Pursuant to the Reorganisation described above, the Company became the holding company of the companies now comprising the Group on 15 February 2017. Its immediate and ultimate holding company is Metro Vanguard which is controlled by Mr. Ko. The Company and its subsidiaries have been under the common control of Mr. Ko throughout both periods or since their respective dates of incorporation, where there is a shorter period. The Group resulting from the Reorganisation, which involves interspersing the Company and Metro Vanguard between Market Gala and Mr. Ko, is regarded as a continuing entity. Accordingly, the unaudited condensed consolidated financial statements has been prepared on the basis as if the Company has always been the holding company of the Group.

The unaudited condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of changes in equity for the three months ended 31 March 2017 include the results and changes in equity of the companies now comprising the Group for the relevant period, as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the relevant period, taking into account the respective date of the incorporation of the relevant entities.

This unaudited condensed consolidated financial statement for the three months ended 31 March 2018 (the "Financial Statements") have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Companies Ordinance (Cap.622 of the Laws of Hong Kong). Besides, the Financial Statements include applicable disclosures required by the GEM Listing Rules. The Financial Statements have been prepared under the historical cost convention and are presented in HK\$ and all values are rounded to the nearest thousand except when otherwise indicated.

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention and the preparation of the Financial Statements requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of income and expenses. Actual results may differ from these estimates.

In preparing the Financial Statements, the significant judgments made by the Company's management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the Group's audited consolidated financial statements for each of the three years ended 31 December 2017.

During the current period, HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective or available for early adoption for the current accounting period of the Company. The Group has initially adopted the HKFRS 15 "Revenue from Contracts with Customers" and HKFRS 9 "Financial Instruments" from 1 January 2018. No restatement of the Group's consolidated financial statements for the year ended 31 December 2017 has been made. In addition, a number of amendments to the HKFRSs are effective from 1 January 2018 but they do not have a material effect on the Group's unaudited condensed consolidated financial statements.

The unaudited condensed consolidated financial statements have not been audited by the Company's auditor, but have been reviewed by the audit committee of the Company (the "Audit Committee").

Notes to the Unaudited Condensed Consolidated Financial Information

3. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sales of apparel products with the provision of supply chain management service for the three months ended 31 March 2018.

Segment revenue

The following table sets forth a breakdown of the Group's revenue by the geographical location of the customers.

	Three months ended 31 March	
	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
Germany	4,568	4,833
France	1,529	–
Others	1,985	–
	8,082	4,833

Information about major customers

Revenue from customers for the three-month ended 31 March 2018 and for the corresponding period in 2017 contributing over 10% of the Group's revenue are as follows:

	Three months ended 31 March	
	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
Customer A	2,291	2,016
Customer B	N/A*	1,316
Customer C	N/A#	565
Customer D	N/A#	505
Customer E	1,362	N/A*
Customer F	1,529	N/A*
Customer G	1,058	N/A*

* The corresponding revenue does not contribute over 10% of the Group's revenue.

No revenue was attributed from the relevant customer for the respective period.

Notes to the Unaudited Condensed Consolidated Financial Information

3. REVENUE AND SEGMENT INFORMATION (Continued)

Non-current assets (excluding financial assets) by geographical location of assets are detailed below:

	As at 31 March	
	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
Hong Kong	476	413
Germany	9,333	–
	9,809	413

The following table sets forth a breakdown of the Group's revenue by product category.

	Three months ended 31 March	
	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
Knitwear	5,877	3,979
T-shirts	1,883	854
Woven	322	–
	8,082	4,833

The following table sets forth a breakdown of the Group's revenue by customer type.

	Three months ended 31 March	
	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
Apparel sourcing agent	5,303	2,447
Boutique shop	2,211	1,316
Department store	568	1,070
	8,082	4,833

Notes to the Unaudited Condensed Consolidated Financial Information

4. OTHER INCOME

	Three months ended 31 March	
	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
Financial guarantee income	816	7,266
Sample sales income	112	16
	928	7,282

5. OTHER GAINS AND LOSSES

	Three months ended 31 March	
	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
Net gain on structured foreign currency forward contracts	50	28
Net foreign exchange gain	56	923
	106	951

6. INCOME TAX EXPENSE

	Three months ended 31 March	
	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
Hong Kong Profits Tax:		
Current tax	–	25
Deferred taxation	36	67
	36	92

Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%) of the estimated assessable profit for the period. No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits for the period under review.

Notes to the Unaudited Condensed Consolidated Financial Information

7. (LOSS) PROFIT FOR THE PERIOD

	Three months ended 31 March	
	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
(Loss)/Profit for the period has been arrived at after charging:		
Directors' remuneration	429	76
Other staff costs:		
— Salaries and other benefits	597	699
— Retirement benefit scheme contributions	22	30
	619	729
Total employee benefits expenses	1,048	805
Auditor's remuneration	325	120
Depreciation of plant and equipment	29	11
Amortisation of intangible assets	250	–
Cost of inventories recognised as cost of sales	5,726	2,368
Minimum lease payment under operating leases in respect of land and building	70	70

8. DIVIDENDS

The Board does not recommend the payment of any dividend for the three months ended 31 March 2018 (for the three months ended 31 March 2017: Nil).

9. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to the owners of the Company is based on the following data:

The calculation of basic (loss) earnings per share for the period is based on the unaudited condensed consolidated loss for the three months ended 31 March 2018 of HK\$1.4 million (profit for the three months ended 31 March 2017: HK\$7.0 million), and on the assumption that 1,000,000,000 (three months period ended 31 March 2017: 1,000,000,000) ordinary shares have been in issue throughout the period, being the total number of shares in issue of the Company immediately upon the Listing.

No diluted (loss) earnings per share in both periods was presented as there were no potential ordinary shares outstanding during both periods.

Notes to the Unaudited Condensed Consolidated Financial Information

10. EVENTS AFTER REPORTING PERIOD

Save as disclosed elsewhere in the unaudited condensed consolidated financial statements, subsequent events after the end of the reporting period of the Group are detailed as below.

(a) Declaration of dividends

On 9 April 2018, the Company declared dividends with an aggregate amount of HK\$6,500,000 to its sole shareholder.

(b) Increase of authorised and issued share capital of the Company

On 16 April 2018, the authorised share capital of the Company was increased from HK\$380,000 to HK\$100,000,000 by the creation of an additional 9,962,000,000 shares of HK\$0.01 each.

Pursuant to the written resolution passed by the sole shareholder of the Company on 16 April 2018, conditional upon the share premium account of the Company being credited as a result of the Listing, the Directors were authorised to capitalise the amount of HK\$7,499,999 from the amount standing to the credit of the share premium account of the Company to pay up in full at par of 749,999,900 shares for allotment and issue to Metro Vanguard.

(c) Share option scheme

The Company has conditionally adopted a share option scheme on 16 April 2018, the principal terms of which are set out in the paragraph headed "Statutory and General Information — D. Share Option Scheme" in Appendix IV to the Prospectus.

Management Discussion and Analysis

BUSINESS REVIEW

Our Group is an apparel SCM services provider based in Hong Kong delivering one-stop solution to customers in Europe, predominantly Germany. We have developed a vertically integrated business model and our services range across market trend analysis, product design and development, sourcing of suppliers, production management, logistics services and quality control. We primarily generate revenue from the supply of middle to high-end apparel products to the customers. Through engaging us for apparel SCM services, our customers are able to focus their resources on their retail businesses and respond quickly to the fast-evolving changes of fashion industry, as they do not have to separately engage different suppliers for various types of services throughout the apparel supply chain.

Our Group's business objective is to become a key market player in the Hong Kong apparel SCM industry. After the Listing on the Listing Date, the proceeds raised from the Listing is targeted to expand our business to maintain and strengthen our market position by pursuing our business strategies. We will implement our future plans and business strategies, according to the details as disclosed in the section headed "Statement of Business Objectives and Use of Proceeds" of the Prospectus.

FINANCIAL REVIEW

Revenue

Our Group's revenue increased by 67.2% from HK\$4.8 million for the three months ended 31 March 2017 to HK\$8.1 million for the three months ended 31 March 2018. The increase was mainly driven by the increased revenue from a customer in Germany, a new customer in France, and two new customers in Austria.

Cost of sales

Our cost of sales mainly consists of purchase costs, import duty and other cost of sales. Purchase cost represented the cost of finished goods purchased from our suppliers located in the People's Republic of China, Madagascar and Cambodia.

The cost of sales increased by 141.8% from HK\$2.4 million for the three months ended 31 March 2017 to HK\$5.7 million for the three months ended 31 March 2018, which is primarily due to the increased purchase cost resulting from an increase sales for the three months ended 31 March 2018.

Gross profit and gross profit margin

Our gross profit was HK\$2.5 million and HK\$2.4 million for the three months ended 31 March 2017 and 2018, respectively. The gross profit margin dropped from 51.0% for the three months ended 31 March 2017 to 29.2% for the three months ended 31 March 2018, which was mainly due to the change in customer mix of our Group.

Management Discussion and Analysis

Other income

Our other income mainly represented our financial guarantee income which amounted to HK\$7.3 million and HK\$0.9 million for the three months ended 31 March 2017 and 2018, respectively. As our Group provided cross financial guarantee in favour of banks for bank loans of certain related companies, such arrangement resulted in a financial guarantee liability recognised at fair value at initial recognition. Such financial guarantee liability will be amortized over the term of the financial guarantee contract and be recognised as financial guarantee income. The financial guarantee income decreased significantly resulting from the reducing financial guarantee liability for the remaining guarantee period.

All financial guarantee liability was released upon Listing and no financial guarantee income is incurred thereafter.

Other gains and losses

Other gains and losses mainly represents (i) the net gain on structured foreign currency forward contracts; and (ii) the net foreign exchange gain resulted from fluctuations in the exchange rate of the foreign currency incurred in our operation. Following the change in functional currency to US\$ during the year ended 31 December 2017, the Directors estimated that the effect of foreign currency to be insignificant to the Group in the future.

Selling and distribution expenses

Our selling and distribution expenses mainly include staff costs, customer service fee, freight and transportation cost, travelling expenses, design fee, sample and development cost and other selling and distribution expenses.

The selling and distribution expenses amounted to HK\$1.1 million and HK\$1.7 million for the three months ended 31 March 2017 and 2018, respectively. Such increase was primarily due to the increase in our staff cost, customer service fee, travelling expenses and design fee as a result of increased sales during such period.

Administrative expenses

Our administrative expenses mainly include professional fee, staff costs (including directors' remuneration), amortisation of intangible assets, depreciation, rent and rates and other administrative expenses.

The administrative expenses amounted to HK\$0.8 million and HK\$1.4 million for the three months ended 31 March 2017 and 2018, respectively. Such increase was mainly due to the increase in our staff cost, professional fee and amortisation of intangible assets resulting from the acquisition of the "GC Fontana" and "GC Fontana Cashmere" brands, which the Group acquired in July 2017, during the year ended 31 December 2017. Amortisation of intangible assets is recognised on a straight-line basis over its estimated useful lives of 10 years.

Management Discussion and Analysis

Finance costs

The Group's finance costs amounted to less than HK\$0.1 million for both periods.

Income tax expense

Our income tax expense mainly represents Hong Kong profits tax at rate of 16.5% on the assessable profits arising in Hong Kong and is amounted to HK\$92,000 and HK\$36,000 for the three months ended 31 March 2017 and 2018, respectively.

(Loss)/Profit for the period of three months ended 31 March 2018 and 2017

The loss attributable to owners of the Group for the three months ended 31 March 2018 was HK\$1.4 million, while the Group recorded a profit attributable to owners of the Group of the amount of HK\$7.0 million for the three months ended 31 March 2017. Such decrease is due to the drop in the financial guarantee income.

Excluding the listing expense and financial guarantee income, our adjusted profit for the year decreased by HK\$2.0 million from the adjusted profit of HK\$1.4 million for the year ended 31 December 2017 to the adjusted loss of HK\$0.7 million. The decrease in adjusted profit was mainly due to (i) the decrease in net foreign exchange gain as our functional currency was changed to US dollars during the year ended 31 December 2017 as a majority of our sales were denominated in US dollars during the year ended 31 December 2017; and (ii) the increase in selling and distribution expenses and administrative expenses as explained above.

Pledge of the Group's assets

As at 31 March 2018, the bank deposits of approximately HK\$18,037,000 (31 March 2017: approximately HK\$5,587,000) were pledged to a bank to secure cross financial guarantee in favour of banks for bank loans of certain related companies.

Such financial guarantee provided by our Group to related companies will be released upon Listing and did not expect to incur after Listing. As a result, we will not have pledge of the assets after Listing.

Management Discussion and Analysis

Share capital

There has been no change in the share capital of the Company for the three months ended 31 March 2018.

Significant investment held

As at 31 March 2018, the Group did not hold any significant investment.

Financial guarantee liability and contingent liabilities

Our Group and certain companies controlled by Mr. Murray Ko and his spouse entered into several banking facilities agreements and cross guarantees were provided by our Group and such companies of Mr. Murray Ko and his spouse. The estimated fair value of the financial guarantee was recognised as financial guarantee liability with the equivalent amount charged to equity as shareholder distribution at the agreement date. The financial guarantee income was recognised in profit or loss over the term of agreement. The financial guarantee liabilities were all denominated in Hong Kong dollar. For further information about our financial guarantee liability, please refer to note 23 to the Accountants' Report set out in Appendix I to the Prospectus. As at 31 March 2018, such banking facilities amounted to approximately HK\$402.1 million (31 March 2017: HK\$427.1 million), and such financial guarantee provided by our Group to related companies will be released upon the Listing.

Save as the abovementioned financial guarantee liability, the Group did not have any material contingent liabilities or guarantees as at 31 March 2018.

Foreign exchange exposure

The revenue of the Group is mainly denominated in US\$, while a certain amount of the revenue is denominated in HK\$ and EUR.

Our Group considered that the foreign exchange risk with respect to US\$ is not significant as HK\$ is pegged to US\$.

For the transaction denominated in EUR during the period of three months ended 31 March 2018, our Group considers there is no significant foreign exchange risks in respect of EUR.

Nevertheless, the Group will endeavour to manage the foreign exchange risk by closely monitoring the movement of foreign currency rates and will consider hedging significant foreign currency exposure should the need arise.

Management Discussion and Analysis

USE OF PROCEEDS

The net proceeds from the Placing and the Public Offer (as defined in the Prospectus), after deducting the actual underwriting fees and expenses paid by the Company in connection thereto, were approximately HK\$32.2 million.

Since the Company's Listing on GEM of the Stock Exchange only took place on 4 May 2018, the net proceeds had not been utilised during the three months period ended 31 March 2018.

The Company intends to utilise the net proceeds according to the section headed "Statement of Business Objectives and Use of Proceeds" of the Prospectus.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The total equity of the Group as at 31 March 2018 was HK\$36.5 million. The Group's cash and cash equivalent as at 31 March 2018 was HK\$24.0 million. Our working capital represented by the net current assets was \$27.0 million. Our current ratio was 2.2 times as at 31 March 2018. Our turnover days of trade receivables and trade payables were 58.7 days and 14.9 days as at 31 March 2018 respectively. Our gearing ratio was 26.0% as at 31 March 2018. Based on our steady cash inflows from operations, coupled with sufficient cash and bank balances, we have adequate liquidity and financial resources to meet our working capital requirements.

Other Information

DISCLOSURE OF INTERESTS

A. Directors' and Chief Executive's Interests And/Or Short Positions in the Shares, Underlying Shares and Debentures of the Company or Any of its Associated Corporations

As at the Listing Date, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to notify to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, will be as follows:

(a) *Long Position in the shares of the Company (the "Shares")*

Name of Director	Nature of interest and capacity	Number of Shares held <i>(Note 1)</i>	Percentage of issued share capital <i>(Note 3)</i>
Mr. Ko	Interest in a controlled corporation <i>(Note 2)</i>	750,000,000 (L)	75%

Notes:

1. The letter "L" denotes to the long position in the Shares.
2. The Shares are registered in the name of Metro Vanguard, a company incorporated in the British Virgin Islands, the issued share capital of which is wholly owned by Mr. Ko. Accordingly, Mr. Ko is deemed to be interested in all the Shares held by Metro Vanguard for the purpose of Part XV of the SFO.
3. The percentage of shareholding was calculated based on the Company's total number of issued Shares as at the Listing Date (i.e. 1,000,000,000 Shares).

Other Information

(b) *Long Position in the Shares of Associated Corporation*

Name of Director	Name of associated corporation	Capacity/ nature of interest	Number and class of securities	Percentage of issued share capital
Mr. Ko	Metro Vanguard	Beneficial owner	100 ordinary shares	100%

Save as disclosed above, as at the Listing Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be 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 pursuant to Section 352 of the SFO, to be entered in the register of members of the Company or which were required to be notified to the Company and the Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Other Information

B. Substantial Shareholders' and Other Persons' Interests And/Or Short Positions in Shares, Underlying Shares and Debentures

As at the Listing Date, the interest and short positions of the persons (other than the Directors or chief executive of the Company) in the shares, underlying shares and debentures of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long Position in the Company's Shares

Name	Nature of interest and capacity	Number of Shares held <i>(Note 1)</i>	Percentage of issued share capital <i>(Note 3)</i>
Metro Vanguard	Beneficial owner	750,000,000 (L)	75%
Ms. Chan Sau Fung	Interest of spouse <i>(Note 2)</i>	750,000,000 (L)	75%

Notes:

1. The letter "L" denotes to the long position in the Shares.
2. Ms. Chan Sau Fung is the spouse of Mr. Ko. By virtue of the SFO, she is deemed to be interested in all Shares in which Mr. Ko is interested.
3. The percentage of shareholding was calculated based on the Company's total number of issued shares as at the Listing Date (i.e. 1,000,000,000 Shares).

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

Other Information

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed in the sub-sections headed "Disclosure of Interests" and "Share Option Scheme" above, at no time during the three months ended 31 March 2018 was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' COMPETING INTERESTS

For the three months ended 31 March 2018, the Directors have confirmed that to the best of their knowledge, information and belief and having made all reasonable enquiries, none of the Directors, the Controlling Shareholders and their respective close associates (as defined in the GEM Listing Rules) had any business or interests in any company that competes or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Giraffe Capital Limited as its compliance adviser, which provides advices and guidance to the Company in respect of compliance with the GEM Listing Rules including various requirements relating to the Directors' duties. Except for the compliance adviser agreement entered into between the Company and the compliance adviser dated 3 August 2017, neither the compliance adviser nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules as at 31 March 2018.

CORPORATE GOVERNANCE PRACTICES AND COMPLIANCE

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules (the "CG Code"). The Board and the management of the Company are committed to maintaining and achieving a high standard of corporate governance practices with an emphasis on a quality Board, an effective accountability system and a healthy corporate culture in order to safeguard the interests of the shareholders of the Company and enhance the business growth of the Group. Where applicable, the Company has complied with the code provisions as set out in the CG Code since the Listing Date up to the date of this report.

Other Information

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules ("Required Standard of Dealings") regarding Directors' securities transactions. Having been enquired by the Company, all Directors confirmed that they had complied with the Required Standard of Dealings from the Listing Date to the date of this report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities since the Listing Date.

SHARE OPTION SCHEME

The share option scheme of the Company (the "Share Option Scheme") was adopted pursuant to a resolution passed by the Company's then sole shareholder on 16 April 2018 for the primary purpose of providing eligible participants an opportunity to have a personal stake in the Company and to motivate, attract and retain the eligible participants whose contributions are important to the long-term growth and profitability of the Group. Eligible participants of the Share Option Scheme include any employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of the Company or any of its subsidiaries (including any director of the Company or any of its subsidiaries) who is in full-time or part-time employment with or otherwise engaged by the Company or any of its subsidiaries at the time when an option is granted. The Share Option Scheme became effective on the Listing Date and, unless otherwise cancelled or amended, will remain in force for 10 years commencing on the Listing Date. The principal terms of the Share Option Scheme were summarised in the paragraph headed "Statutory and General Information — D. Share Option Scheme" in Appendix IV to the Prospectus. No share option was granted, lapsed, exercised or cancelled by the Company under the Share Option Scheme since its adoption and there was no outstanding share option as at the date of this report.

Other Information

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The Company has established the Audit Committee on 16 April 2018 with written terms of reference in compliance with the requirements as set out in Rules 5.28 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee consists of three members, all of whom are our independent non-executive Directors, namely Mr. Chan Kim Sun (chairman), Mr. To King Yan, Adam and Mr. Kwok Chee Kin.

The primary duties of the Audit Committee are, among others, to make recommendations to the Board on the appointment, reappointment and removal of external auditor, review the financial information, oversee the financial reporting process, internal control and risk management systems and audit process, and perform other duties and responsibilities as assigned by the Board.

The Audit Committee has reviewed the unaudited first quarterly financial results of the Group for the three months ended 31 March 2018.

By Order of the Board
Vision International Holdings Limited
Mr. Ko Sin Yun
Chairman and Executive Director