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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)

**MAJOR AND CONNECTED TRANSACTION —
ACQUISITION OF PROPERTY AS SHOWROOM**

THE ACQUISITION

The Board is pleased to announce that on 20 August 2018 (after trading hours), the Purchaser, being an indirect wholly owned subsidiary of the Company, and the Vendor entered into a Provisional Agreement, pursuant to which, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Property at the Consideration of HK\$27.5 million. The Vendor and the Purchaser will enter into the Formal Agreement on or before 20 September 2018.

As disclosed in the prospectus dated 23 April 2018 issued by the Company in connection with the Share Offer, the Company's objective is to become a key market player in the Hong Kong apparel SCM industry and the Company intends to set up a new showroom to showcase its product offerings as one of its business strategies.

The Directors believe that a permanent showroom will give more confidence to the Group's customers and strengthen the Group's corporate image. The Directors also consider that it would be more beneficial for the Group to acquire, rather than leasing a premise for the showroom, as it eliminates the risk of spending excessive decoration, renovation and relocation costs in case of early termination or non-renewal of the tenancy agreement by the landlord. Instead, it gives the Group the liberty to renovate and decorate the showroom to better display the Group's design collections.

IMPLICATIONS OF THE LISTING RULES

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor is beneficially wholly owned by Mr. M. Ko, the elder brother of Mr. Ko. As at the date of this announcement, Mr. Ko is a controlling Shareholder holding 75% of the issued share capital of the Company, the chairman of the Board and an executive director of the Company. Accordingly, the Vendor is an associate of Mr. Ko and hence a connected person of the Company under Chapter 20 of the GEM Listing Rules and the Acquisition constitutes a connected transaction of the Company, and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

As one or more of the applicable percentage ratios under Chapter 19 of the GEM Listing Rules in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company, and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

GENERAL

An Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders on whether the terms of the Provisional Agreement and/or the Formal Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the resolutions to be proposed at the EGM to approve the Formal Agreement and the transactions contemplated thereunder. An independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Acquisition, (ii) the financial information of the Company, (iii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Acquisition; (iv) a letter of advice from the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition; (v) the valuation report of the Property; and (vi) a notice convening the EGM is expected to be despatched to the Shareholders on or before 10 September 2018.

Completion of the Acquisition is subject to fulfilment of certain conditions set out in the section headed "Conditions precedent of the Provisional Agreement" in this announcement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Vendor and the Purchaser entered into the Provisional Agreement on 20 August 2018 (after trading hours), pursuant to which, the Vendor has conditionally agreed to sell, and the Purchaser, being an indirect wholly owned subsidiary of the Company, has conditionally agreed to acquire, the Property at a total consideration of HK\$27.5 million. The Vendor and the Purchaser will enter into the Formal Agreement on or before 20 September 2018.

THE PROVISIONAL AGREEMENT

The principal terms of the Provisional Agreement are summarised as follows:

Date 20 August 2018

Parties

Purchaser Vision Garments Limited

Vendor Wisewing International Limited

The Purchaser is an indirect wholly owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor is beneficially wholly owned by Mr. M. Ko, the elder brother of Mr. Ko. As at the date of this announcement, Mr. Ko is a controlling Shareholder holding 75% of the issued share capital of the Company, the chairman of the Board and an executive director the Company. Accordingly, the Vendor is an associate (as defined in the GEM Listing Rules) of Mr. Ko and hence a connected person of the Company under Chapter 20 of the GEM Listing Rules.

Asset to be acquired

Pursuant to the Provisional Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Property.

The Property comprises workshops 1–3 and 5–7 on 3rd Floor of China United Plaza, No. 1008 Tai Nan West Street, Kowloon, Hong Kong. The Property is an industrial property with a gross area of approximately 4,089 square feet (“**Agreed Area**”). The Property was acquired by the Vendor on 18 December 1996 at a consideration of HK\$17,224,140.

As per the Provisional Agreement, upon Completion, the Vendor shall deliver vacant possession of the Property to the Purchaser.

Consideration

The Consideration shall be HK\$27.5 million, being approximately HK\$6,730 per square feet multiplied by Agreed Area.

The Consideration shall be payable by the Purchaser to the Vendor in the following manner:

- (a) an initial deposit in the sum of HK\$1,375,000 has been paid by the Purchaser upon signing of the Provisional Agreement;
- (b) a further deposit of HK\$1,375,000 shall be payable on or before 20 September 2018;
- (c) the remaining balance of the Consideration of HK\$24,750,000 shall be satisfied in full upon Completion.

Basis of the Consideration

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser under normal commercial terms and with reference to, among others, the preliminary valuation of the Property at HK\$27.5 million as on 20 August 2018, as carried out by an independent professional valuer using market approach by making reference to comparable market transactions.

The final valuation report of the Property will be included in the circular to be dispatched.

Source of funding

The Company intends to fund the Consideration by a portion of the net proceeds from the Share Offer and the remaining portion by bank borrowings.

Conditions precedent of the Provisional Agreement

The Completion of the Acquisition is conditional on:

- (i) the Purchaser having obtained the approval from the Stock Exchange in respect of the Acquisition;
- (ii) the Vendor having provided and proved a good title to the Property in accordance with section 13A and 13 of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong); and
- (iii) the Independent Shareholders having approved by way of ordinary resolution(s) the Formal Agreement and the transactions contemplated thereunder at an EGM.

If the conditions above have not been fulfilled (or waived) on or before 10 December 2018 or such other date as the Vendor and the Purchaser may agree in writing, the Provisional Agreement shall terminate whereupon the parties shall have no further claims against each other under the Provisional Agreement save for accrued rights prior to such termination. The Vendor shall refund to the Purchaser all deposits paid within 10 days after termination or such other date as the Vendor and the Purchaser may agree in writing.

Stamp Duty

All stamp duty arising from the Provisional Agreement, the Formal Agreement and the assignment shall be borne by the Purchaser.

Right of revocation

The Purchaser or the Vendor may revoke the Provisional Agreement by giving the other party a written notice. Unless otherwise provided therein, if the Purchaser revokes the Provisional Agreement, any deposit paid by the Purchaser shall be absolutely forfeited to the Vendor as liquidated damages and the Purchaser shall settle any stamp duty arising from the Provisional Agreement.

If the Vendor revokes the Provisional Agreement, the initial deposit paid shall be returned to the Purchaser. The Vendor shall further pay to the Purchaser an amount equivalent to the initial deposit as compensation. All the stamp duty arising from the Provisional Agreement shall be borne by the Vendor.

Completion

Pursuant to the Provisional Agreement, the Formal Agreement shall be signed on or before 20 September 2018. The Formal Agreement will incorporate the terms and conditions contained in the Provisional Agreement (including the conditions precedent as disclosed above) and other terms to be agreed by the Purchaser and the Vendor. Completion of the sales and purchase of the Property shall take place on or before 20 December 2018.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is an apparel SCM service provider based in Hong Kong delivering one-stop solution to customers in Europe, predominantly Germany. As disclosed in the prospectus dated 23 April 2018 issued by the Company in connection with the Share Offer, the Company's objective is to become a key market player in the Hong Kong apparel SCM industry and the Company intends to set up a new showroom to showcase its product offerings as one of its business strategies.

The Directors believe that a permanent showroom will give more confidence to the Group's customers and strengthen the Group's corporate image. The Directors also consider that it would be more beneficial for the Group to acquire, rather than leasing a premise for the showroom, as it eliminates the risk of spending excessive decoration, renovation and relocation costs in case of early termination or non-renewal of the tenancy agreements by the landlord. Instead, it gives the Group the liberty to renovate and decorate the showroom to better display the Group's design collections.

In view of the above, the Board (excluding the independent non-executive Directors whose views will be rendered after considering the recommendation from the independent financial adviser of the Company) considers that the Provisional Agreement has been entered into on normal commercial terms and the terms thereto are fair and reasonable and the Acquisition is in the interest of the Company and the Shareholders as a whole.

Mr. Ko and Mr. Ko Man Ho (being the son of Mr. Ko), the Directors who have a material interest in the Acquisition by virtue of their relationship with Mr. M. Ko, the ultimate shareholder of the Vendor as disclosed in the following section, have abstained from voting on the board resolution approving the Provisional Agreement and the transactions contemplated thereunder.

INFORMATION ABOUT THE COMPANY, THE GROUP, THE PURCHASER AND THE VENDOR

The Company is an investment holding company. The Group is an apparel SCM service provider based in Hong Kong. Its services range across market trend analysis, product design and development, sourcing of suppliers, production management, logistics services and quality control.

The Purchaser is an indirect wholly-owned subsidiary of the Company and is principally engaged in the provision of apparel SCM services to customers.

The Vendor is a company incorporated in Hong Kong with limited liability, and is principally engaged in holding of investment properties and property leasing.

LISTING RULES IMPLICATIONS

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor is beneficially wholly owned by Mr. M. Ko, the elder brother of Mr. Ko. Mr. Ko is, as at the date of this announcement, a controlling Shareholder holding 75% of the issued share capital of the Company, the chairman of the Board and an executive Director of the Company. Accordingly, the Vendor is an associate of Mr. Ko and hence is a connected person of the Company under Chapter 20 of the GEM Listing Rules and the Acquisition constitutes a connected transaction of the Company, and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

As one or more of the applicable percentage ratios under Chapter 19 of the GEM Listing Rules in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company, and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

The voting in respect of the Acquisition at the EGM will be conducted by way of poll. Mr. Ko and his associates are required to abstain from voting in respect of the resolution(s) approving the Formal Agreement and Acquisition at the EGM.

Save for the aforesaid and to the Directors' best knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, no other Shareholder has a material interest in the Acquisition and therefore no other Shareholder is required to abstain from voting on the proposed resolution(s) approving the Formal Agreement and the Acquisition at the EGM.

GENERAL

An Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders on whether the terms of the Provisional Agreement and/or Formal Agreement and the Acquisition are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the resolutions to be proposed at the EGM to approve the Formal Agreement and the Acquisition. An independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further details of the Acquisition, (ii) the financial information of the Company, (iii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Acquisition; (iv) a letter of advice from the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition; (v) the valuation report of the Property; (vi) a notice convening an EGM; and (vii) other information as required to be disclosed under the GEM Listing Rules, is expected to be despatched to the Shareholders on or before 10 September 2018.

Completion of the Acquisition is subject to fulfilment of certain conditions set out in the section headed “Conditions precedent of the Provisional Agreements” in this announcement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the meanings set out below:

“Acquisition”	the acquisition of the Property by the Purchaser from the Vendor pursuant to the Provisional Agreement and/or the Formal Agreement
“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Company”	Vision International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange (Stock Code: 8107)
“Completion”	the completion of the Acquisition
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules

“Consideration”	the total consideration of HK\$27.5 million to be paid by the Purchaser for the Acquisition
“controlling shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held for the Shareholders to consider and, if thought fit, to approve the Formal Agreement and the transactions contemplated thereunder
“Formal Agreement”	the formal sales and purchase agreement expected to be entered into between the Purchaser and the Vendor on or before 20 September 2018 for the Acquisition
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“Group”	the Company and its subsidiaries from time to time
“HK\$”	the lawful currency for the time being of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic China
“Independent Board Committee”	the independent board committee of the Company, comprising all the independent non-executive Directors, namely Mr. To King Yan, Adam, Mr. Kwok Chee Kin and Mr. Chan Kim Sun, formed to advise the Independent Shareholders as to the Acquisition
“Independent Shareholders”	Shareholders other than Mr. Ko and his associates
“Mr. Ko”	Mr. Ko Sin Yun, chairman of the Board, an executive Director of the Company and a controlling Shareholder
“Mr. M. Ko”	Mr. Ko Sek Yan, the elder brother of Mr. Ko
“Property”	The Property comprises workshops 1–3 and 5–7 on the 3rd Floor of China United Plaza, No. 1008 Tai Nan West Street, Kowloon, Hong Kong
“Purchaser”	Vision Garments Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

“Provisional Agreement”	the provisional sales and purchase agreement dated 20 August 2018 entered into between the Vendor and the Purchaser in relation to the sales and purchase of the Property
“SCM”	supply chain management
“Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Offer”	the issue of the Shares by way of share offer as further detailed in the prospectus of the Company dated 23 April 2018
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Wisewing International Limited, a company incorporated in Hong Kong with limited liability and wholly owned by Mr. M. Ko
“%”	percentage

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

Hong Kong, 20 August 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 Company. 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.