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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)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019**

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 nine months ended 30 September 2019. This announcement, containing the full text of the 2019 Third 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 2019 Third 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 November 2019

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

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Hong Kong Exchanges and Clearing Limited and the Stock Exchange 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.



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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

Mr. Tam Chun Wai Edwin

COMPLIANCE OFFICER

Mr. Cheng Ka Wing

AUTHORISED REPRESENTATIVES FOR THE PURPOSE OF THE GEM LISTING RULES

Mr. Cheng Ka Wing
Mr. Tam Chun Wai Edwin

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

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1002–1008 Tai Nan West Street
Cheung Sha Wan
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

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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 Limited
United Overseas Bank Limited
Hong Kong Branch

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
(resigned with effect from
31 October 2019)
Fuson CPA Limited
Certified Public Accountants
(appointed with effect from
31 October 2019)

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 nine months ended 30 September 2019 together with the comparative unaudited figures for the corresponding period in 2018, as follows:

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Revenue	3	24,527	52,683	67,055	86,524
Cost of sales		(17,640)	(37,820)	(51,246)	(63,868)
Gross profit		6,887	14,863	15,809	22,656
Other income	4	94	205	439	1,377
Other gains and losses	5	(470)	(73)	(527)	81
Selling and distribution expenses		(2,190)	(2,378)	(5,647)	(5,637)
Administrative expenses		(1,694)	(1,872)	(6,589)	(5,408)
Listing expenses		–	–	–	(7,023)
Finance costs		(173)	–	(357)	(97)
Profit before taxation		2,454	10,745	3,128	5,949
Income tax expense	6	(485)	(1,688)	(660)	(1,980)
Profit and total comprehensive income for the period	7	1,969	9,057	2,468	3,969
Earnings per Share — basic and diluted (HK cents)	9	0.20	0.91	0.25	0.40

Unaudited Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2019

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
As at 1 January 2018 (audited)	1	–	(103,262)	(7,252)	148,410	37,897
Listing						
Capitalisation issue	7,499	(7,499)	–	–	–	–
Issue of shares upon share offer	2,500	53,750	–	–	–	56,250
Transaction cost directly attributable to issue of shares	–	(4,602)	–	–	–	(4,602)
	9,999	41,649	–	–	–	51,648
Profit and total comprehensive income for the period	–	–	–	–	3,969	3,969
2018 interim dividends	–	–	–	–	(6,500)	(6,500)
At 30 September 2018 (unaudited)	10,000	41,649	(103,262)	(7,252)	145,879	87,014
As at 1 January 2019 (audited)	10,000	38,444	(103,262)	(7,252)	144,422	82,352
Profit and total comprehensive income for the period	–	–	–	–	2,468	2,468
2018 final dividends	–	–	–	–	(13,000)	(13,000)
2019 interim dividends	–	–	–	–	(10,000)	(10,000)
At 30 September 2019 (unaudited)	10,000	38,444	(103,262)	(7,252)	123,890	61,820

Notes to the Unaudited Condensed Consolidated Financial Statements

Nine months ended 30 September 2019

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 (Chapter 622 of the laws of Hong Kong) on 23 June 2017. The shares of the Company (the "Share(s)") 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 to provide one-stop full-service apparel supply chain management ("SCM") services.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited 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 as well as with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

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

The accounting policies and basis of preparation adopted in the preparation of these unaudited condensed consolidated financial statements for the nine months ended 30 September 2019 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and disclosed in Appendix I of the prospectus of the Company dated 23 April 2018 (the "Prospectus"), except for the adoption of the following new and amendments to HKFRSs effective from 1 January 2019, as noted below.

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

The application of the new and amendments to HKFRSs in the current period has had no significant financial effect on these unaudited condensed consolidated financial statements for the nine months ended 30 September 2019.

The Group has not early applied those new and revised HKFRSs that have been issued but are not yet effective.

The Directors anticipate that the application of those new standard(s), amendments and interpretation(s) will have no material impact on the unaudited condensed consolidated financial statements.

Notes to the Unaudited Condensed Consolidated Financial Statements

Nine months ended 30 September 2019

3. REVENUE AND SEGMENT INFORMATION

Revenue from contracts with customers represents the fair value of amounts received and receivable from the sales of apparel products with the provision of SCM services to customers by the Group.

Timing of revenue recognition and category of revenue

	Three months ended 30 September		Nine months ended 30 September	
	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Recognised at a point in time and short-term contracts:				
Sales of apparel products with the provision of supply chain management services to customers	24,527	52,683	67,055	86,524

The customers of the Group are mainly apparel sourcing agents, boutique shops and large department stores in Europe. All of the Group's sales of apparel products with the provision of SCM services are provided directly to the customers. Contracts with the Group's customers are fixed-price contracts.

All revenue contracts are for period of one year or less. As permitted by HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

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

	Three months ended 30 September		Nine months ended 30 September	
	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Knitwear	23,743	50,525	63,178	81,181
T-shirts	–	328	1,115	2,977
Woven	784	1,830	2,762	2,366
	24,527	52,683	67,055	86,524

Notes to the Unaudited Condensed Consolidated Financial Statements

Nine months ended 30 September 2019

3. REVENUE AND SEGMENT INFORMATION (Continued)

Timing of revenue recognition and category of revenue (Continued)

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

	Three months ended 30 September		Nine months ended 30 September	
	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Apparel sourcing agent	15,993	33,976	46,749	59,118
Boutique shop	6,094	13,484	15,655	21,583
Department store	2,440	5,223	4,651	5,823
	24,527	52,683	67,055	86,524

Geographical information

The Group's operations are mainly located in Hong Kong.

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

	Three months ended 30 September		Nine months ended 30 September	
	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Germany	16,340	26,383	49,535	51,123
France	4,715	7,955	10,337	14,815
Austria	2,427	4,212	4,093	5,233
Switzerland	719	1,427	2,764	2,647
Korea	–	12,397	–	12,397
Others	326	309	326	309
	24,527	52,683	67,055	86,524

Notes to the Unaudited Condensed Consolidated Financial Statements

Nine months ended 30 September 2019

3. REVENUE AND SEGMENT INFORMATION (Continued)

Information about major customers

Revenue from customers contributing over 10% of the Group's revenue are as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Customer A	8,633	14,848	16,342	18,118
Customer B	5,339	*	24,950	22,897
Customer C	#	12,397	#	12,397
Customer D	*	*	7,907	*

* 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.

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

	As at 30 September 2019 (unaudited) HK\$'000	As at 31 December 2018 (audited) HK\$'000
Hong Kong	29,334	30,004
Germany	7,833	8,583
	37,167	38,587

Notes to the Unaudited Condensed Consolidated Financial Statements

Nine months ended 30 September 2019

4. OTHER INCOME

	Three months ended 30 September		Nine months ended 30 September	
	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Financial guarantee income	–	–	–	816
Sample sales income	91	199	423	554
Others	3	6	16	7
Total	94	205	439	1,377

5. OTHER GAINS AND LOSSES

	Three months ended 30 September		Nine months ended 30 September	
	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Net gain on structured foreign currency forward contracts	–	47	–	93
Net foreign exchange loss	(470)	(120)	(527)	(12)
	(470)	(73)	(527)	81

6. INCOME TAX EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Hong Kong Profits Tax:				
Current tax	478	1,652	638	1,871
Deferred taxation	7	36	22	109
	485	1,688	660	1,980

The profits tax of the Group is following the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2 million of the profits of the qualifying group entity shall be taxed at 8.25% and profits above HK\$2 million shall be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime shall be taxed at a flat rate of 16.5%.

Notes to the Unaudited Condensed Consolidated Financial Statements

Nine months ended 30 September 2019

7. PROFIT FOR THE PERIOD

	Three months ended 30 September		Nine months ended 30 September	
	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Profit for the period has been arrived at after charging: Directors' remuneration	571	579	1,823	1,952
Other staff costs:				
— Salaries and other benefits	493	641	1,843	1,929
— Retirement benefit scheme contributions	20	25	74	76
Total staff costs	513	666	1,917	2,005
Total employee benefits expenses	1,084	1,245	3,740	3,957
Auditor's remuneration	100	225	300	675
Depreciation of property, plant and equipment	294	30	880	89
Amortisation of intangible assets	250	250	750	750
Cost of inventories recognised as cost of sales	17,640	37,820	51,246	63,868
Minimum lease payment under operating leases in respect of land and building	–	69	47	209

8. DIVIDENDS

The Board does not recommend the payment of any dividend for the three months ended 30 September 2019 (for the three months ended 30 September 2018: HK\$0.01 per share).

9. EARNINGS PER SHARE

The calculation of the basic earnings per Share attributable to the owners of the Company is based on the following data:

The calculation of basic earnings per Share for the period is based on the unaudited condensed consolidated earnings for the nine months ended 30 September 2019 of HK\$2,468,000 (profit for the nine months ended 30 September 2018: HK\$3,969,000), and on the assumption that 1,000,000,000 (nine months ended 30 September 2018: 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 earnings per Share in both periods was presented as there were no potential ordinary shares outstanding during both periods.

Management Discussion and Analysis

BUSINESS REVIEW

The Group is an apparel SCM services provider based in Hong Kong delivering one-stop solution to customers in Europe and Asia. 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.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by 22.5% from HK\$86.5 million for the nine months ended 30 September 2018 to HK\$67.1 million for the nine months ended 30 September 2019. The decrease was mainly driven by the decreased revenue from a number of customers in Germany, France, Austria and Korea.

Cost of sales

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

The cost of sales decreased by 19.8% from HK\$63.9 million for the nine months ended 30 September 2018 to HK\$51.2 million for the nine months ended 30 September 2019, which was in line with the decrease in sales for the nine months ended 30 September 2019.

Gross profit and gross profit margin

Gross profit was HK\$22.7 million and HK\$15.8 million for the nine months ended 30 September 2018 and 2019, respectively. The gross profit margin decreased from 26.2% for the nine months ended 30 September 2018 to 23.6% for the nine months ended 30 September 2019, which was mainly due to the change in customer mix of the Group, in which the overall gross profit margin was lowered by the increased sales to the customers with lower gross profit margin.

Management Discussion and Analysis

Other income

The other income amounted to HK\$1.4 million and HK\$0.4 million for the nine months ended 30 September 2018 and 2019, respectively, mainly representing the decrease in the financial guarantee income. As the Group provided cross financial guarantee in favour of banks for bank loans of certain related companies before the Listing, such arrangement resulted in a financial guarantee liability recognised at fair value at initial recognition. Such financial guarantee liability had been amortised over the term of the financial guarantee contract and be recognised as financial guarantee income. All financial guarantee liability was released upon Listing and no financial guarantee income has been incurred thereafter.

Other gains and losses

Other gains and losses mainly represent (i) the net gain on structured foreign currency forward contracts; and (ii) the net foreign exchange loss resulted from fluctuations in the exchange rate of the foreign currency incurred in operation.

Selling and distribution expenses

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

The selling and distribution expenses remained stable at HK\$5.6 million for the nine months ended 30 September 2018 and 2019.

Administrative expenses

The administrative expenses mainly include professional fees, staff costs (including Directors' remuneration), amortisation of intangible assets, depreciation, rent and rates and other administrative expenses.

The administrative expenses amounted to HK\$5.4 million and HK\$6.6 million for the nine months ended 30 September 2018 and 2019 respectively. Such an increase was mainly due to (i) an increase in the professional fees as a result of being a listed company; and (ii) the depreciation of property resulting from the purchase of showroom in September 2018. The depreciation of property is recognised on a straight-line basis over its property lease term.

Management Discussion and Analysis

Finance costs

The Group's finance costs amounted to approximately less than HK\$0.1 million and HK\$0.4 million for the nine months ended 30 September 2018 and 2019 respectively. The increase was mainly due to the increase in average bank borrowing balance during the period.

Income tax expense

The income tax expense amounted to HK\$2.0 million and HK\$0.7 million for the nine months ended 30 September 2018 and 2019, respectively.

Profit for the period

The profit of the Group for the nine months ended 30 September 2019 was HK\$2.5 million (nine months ended 30 September 2018: HK\$4.0 million). Such decrease in profit was mainly attributable to (i) a decrease in revenue and the gross profit due to business slowdown; (ii) a drop in the financial guarantee income as a result of the reducing financial guarantee liability after the Listing; and (iii) an increase in administrative expenses due to an increase in the depreciation of property resulting from the purchase of the showroom in September 2018 and an increase in the professional fees as a result of being a listed company.

Charge of the Group's assets

As at 30 September 2019, the Group pledged the property comprising workshops 1–3 and 5–7 on 3rd Floor of China United Plaza, No. 1008 Tai Nan West Street, Kowloon, Hong Kong to a bank for the bank finance facility for the Group.

Share capital

The share capital of the Group only comprises of ordinary shares. As at 30 September 2019, the Company's issued share capital was HK\$10,000,000 and the number of its issued ordinary Shares was 1,000,000,000 of HK\$0.01 each.

Related Party Transactions

For the nine months ended 30 September 2019, the Company purchased certain goods from Meridian Industries Garment (Cambodia) Limited ("MIGCL"). The cumulative purchase from MIGCL for the nine months ended 30 September 2019 was less than HK\$3 million. The payment amount was determined based on market price and our Directors (including the independent non-executive Directors) considered that the connected transaction as described above had been entered into in the ordinary and usual course of business of the Group and had been based on arm's length negotiations and on normal commercial terms.

Pursuant to Rule 20.74 of the GEM Listing Rules, the relevant applicable percentage ratios (other than the profit ratio) as prescribed under Chapter 20 of the GEM Listing Rules of transactions contemplated under the above arrangement was less than 5% and the total consideration was less than HK\$3 million, hence the connected transaction contemplated herein was fully exempt from the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Management Discussion and Analysis

Significant investment held

As at 30 September 2019, the Group did not hold any significant investment.

Contingent liabilities

The Group did not have any material contingent liabilities or guarantees as at 30 September 2019.

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 Euro.

The 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 nine months ended 30 September 2019, the Group considers that 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 arises.

PROSPECTS

The Directors expect that the forthcoming business environment would remain challenging as the China-US trade war exerts uncertainties on the markets and the economies of Europe, Asia, China and Hong Kong, which might lead to possible slowdown in the European and Asian economy. In addition, the recent social unrest in Hong Kong would affect the appetite of our overseas customers for visiting our showroom and placing sales orders. As a matter of fact, we have already seen a certain level of slowdown in business, which was reflected in the decrease of revenue in the past couple of months.

Nonetheless, the Directors are confident that the Group can overcome the aforesaid challenges with the extensive experience of our management team in the apparel SCM market. As a short-term measure, the Group will consider applying more stringent cost-control measures in order to cope with the recent downturn in business. Further, going forward, the Group will continue to strive to improve our competitiveness and strengthen its key market player position in the apparel SCM industry, by solidifying relationships with existing customers and exploring new customers, increasing geographic footprint to new apparel retail markets, strengthening design and development capabilities to develop new design collections, and enhancing the quality control process.

Management Discussion and Analysis

USE OF PROCEEDS

The net proceeds from the Listing, after deducting the actual underwriting commission and expenses paid by the Company in connection thereto, were approximately HK\$32.2 million. The Company intends to utilise the net proceeds according to the section headed “Statement of Business Objectives and Use of Proceeds” of the Prospectus.

Up to 30 September 2019, the Group has utilised approximately HK\$17.5 million to set up a new showroom, HK\$5.2 million to repay its bank borrowings, HK\$1.7 million to fund the general working capital need, HK\$1.2 million to solidify relationship with existing customers and explore new customers, HK\$0.7 million to enhance quality control process, and HK\$0.2 million to strengthening our design and development capabilities to develop new design collections.

The unutilised proceeds were placed in a licensed bank in Hong Kong.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2019, the total equity of the Group was HK\$61.8 million (31 December 2018: HK\$82.4 million). The Group’s cash and cash equivalent was HK\$23.2 million (31 December 2018: HK\$37.8 million). Based on the above analysis, coupled with sufficient cash and bank balances, the Group has adequate liquidity and financial resources to meet the working capital requirements.

DIVIDENDS

The Board does not recommend the payment of any dividend for the three months ended 30 September 2019 (three months ended 30 September 2018: HK\$0.01 per share).

SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed on note 3 of the financial statements.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

For the nine months ended 30 September 2019, the Group had not made any material acquisition or disposal of subsidiaries, associates and joint ventures (nine months ended 30 September 2018: Nil).

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have any plan for material investments or capital assets as at 30 September 2019.

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 30 September 2019, 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

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 Sin Yun ("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 Limited ("Metro Vanguard"), a company incorporated in the British Virgin Islands. 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 30 September 2019 (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 30 September 2019, 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 30 September 2019, 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 held by Metro Vanguard, in which Mr. Ko is deemed to be interested.
3. The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 30 September 2019 (i.e. 1,000,000,000 Shares).

Save as disclosed above, as at 30 September 2019, 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" herein, at no time during the nine months ended 30 September 2019 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 nine months ended 30 September 2019, 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 30 September 2019.

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 during the nine months ended 30 September 2019 and 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 during the nine months ended 30 September 2019.

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 during the nine months ended 30 September 2019.

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 30 September 2019 and 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 the 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 condensed consolidated financial statements of the Group for the nine months ended 30 September 2019 and this report, and is of the opinion that the preparation of such statements complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

FORWARD LOOKING STATEMENTS

This report contains certain statements that are forward-looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Directors regarding the industry and markets in which it operates. These forward-looking statements are subject to risks, uncertainties and other factors beyond the Company's control which may cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements.

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

Hong Kong, 14 November 2019