

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

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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.

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*This report, for which the directors (the “**Director(s)**”) 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

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

3/F, China United Plaza  
1002–1008 Tai Nan West Street  
Cheung Sha Wan  
Kowloon  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Coyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P. O. Box 2681  
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  
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  
Hang Seng Bank Limited

## AUDITOR

Yongtuo Fuson CPA Limited  
*Certified Public Accountants*

## STOCK CODE

8107

## COMPANY'S WEBSITE

[www.vision-holdings.com.hk](http://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 2020 together with the comparative unaudited figures for the corresponding period in 2019, as follows:

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Revenue	3	<b>40,223</b>	24,527	<b>81,237</b>	67,055
Cost of sales		<b>(35,131)</b>	(17,640)	<b>(69,937)</b>	(51,246)
Gross profit		<b>5,092</b>	6,887	<b>11,300</b>	15,809
Other income	4	<b>262</b>	94	<b>816</b>	439
Other gains and losses	5	<b>90</b>	(470)	<b>(118)</b>	(527)
Selling and distribution expenses		<b>(1,678)</b>	(2,190)	<b>(4,168)</b>	(5,647)
Administrative expenses		<b>(2,526)</b>	(1,694)	<b>(6,630)</b>	(6,589)
Finance costs		<b>(142)</b>	(173)	<b>(405)</b>	(357)
Profit before taxation		<b>1,098</b>	2,454	<b>795</b>	3,128
Income tax expense	6	<b>(173)</b>	(485)	<b>(229)</b>	(660)
Profit and total comprehensive income for the period	7	<b>925</b>	1,969	<b>566</b>	2,468
			(restated)		(restated)
Earnings per share — basic and diluted (HK cents)	9	<b>0.93</b>	1.97	<b>0.57</b>	2.47

# Unaudited Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2020

	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 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)
As at 30 September 2019 (unaudited)	10,000	38,444	(103,262)	(7,252)	123,890	61,820
As at 1 January 2020 (audited)	<b>10,000</b>	<b>38,444</b>	<b>(103,262)</b>	<b>(7,252)</b>	<b>124,565</b>	<b>62,495</b>
Profit and total comprehensive income for the period	-	-	-	-	566	566
2019 final dividends	-	-	-	-	(7,500)	(7,500)
As at 30 September 2020 (unaudited)	<b>10,000</b>	<b>38,444</b>	<b>(103,262)</b>	<b>(7,252)</b>	<b>117,631</b>	<b>55,561</b>

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the nine months ended 30 September 2020

## 1. GENERAL

Vision International Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 19 January 2017 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares were listed (the “**Listing**”) on GEM of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 4 May 2018 (the “**Listing Date**”). The Company’s immediate and ultimate holding company is Metro Vanguard Limited (“**Metro Vanguard**”), a limited company incorporated in the British Virgin Islands (the “**BVI**”) with limited liability. The ultimate controlling party of Metro Vanguard is Mr. Ko Sin Yun (“**Mr. Ko**” or the “**Controlling Shareholder**”) who is also the executive director of the Company. The addresses of the Company’s registered office and principal place of business are disclosed in the Corporate Information section to this report. The principal activity of the Company is investment holding.

The principal activities of the Group are (i) sales of apparel products with the provision of supply chain management (“**SCM**”) services to customers; and (ii) sales of construction materials.

Pursuant to the ordinary resolutions passed at the extraordinary general meeting of the Company held on 3 August 2020, the Company implemented the share consolidation with effect from 5 August 2020, on the basis that every ten issued and unissued existing shares of the Company of HK\$0.01 each were consolidated into one consolidated share of HK\$0.1 each, ranked pari passu in all respects with each other. Upon completion of the share consolidation, the Company’s share capital consists of 100,000,000 consolidated shares of HK\$0.1 each.

## 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 dollars (“**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 Company’s shares are listed on GEM of the Stock Exchange.

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 2020 are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), except for the adoption of the following new and amendments to HKFRSs effective from 1 January 2020, as noted below.

Amendments to HKFRS 3  
Amendment to HKFRS 16

Definition of a Business  
Covid-19-Related Rent Concessions

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 2020.

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

For the nine months ended 30 September 2020

## 3. REVENUE AND SEGMENT INFORMATION

Revenue from contracts with customers represents the fair value of amounts received and receivable from (i) the sales of apparel products with the provision of SCM services to customers; and (ii) the sales of construction materials by the Group.

### Timing of revenue recognition and category of revenue

	Three months ended 30 September		Nine months ended 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Recognised at a point in time and short-term contracts:				
Sales of apparel products with the provision of SCM services and construction materials to customers	40,223	24,527	81,237	67,055

The customers of the Group are mainly (i) apparel sourcing agents, boutique shops and large department stores in Europe; and (ii) construction materials sourcing agents in Cambodia.

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	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Apparel products	31,819	24,527	70,077	67,055
Construction materials	8,404	–	11,160	–
Total	40,223	24,527	81,237	67,055

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the nine months ended 30 September 2020

## 3. REVENUE AND SEGMENT INFORMATION (Continued)

### Geographical information

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

The Group's revenue from external customers is mainly derived from customers in Germany, Hong Kong, Cambodia, France, Switzerland and Austria. The following table sets forth a breakdown of the Group's revenue by the geographical location of the customers.

	Three months ended 30 September		Nine months ended 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Germany	19,269	16,340	49,088	49,535
Hong Kong	11,183	326	11,183	326
Cambodia	8,404	–	11,160	–
France	–	4,715	5,107	10,337
Switzerland	1,367	719	2,489	2,764
Austria	–	2,427	2,210	4,093
<b>Total</b>	<b>40,223</b>	<b>24,527</b>	<b>81,237</b>	<b>67,055</b>

### 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	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Customer A	1,837	5,339	20,181	24,950
Customer B	10,635	8,633	16,772	16,342
Customer C	11,183	#	11,183	#
Customer D	4,685	#	6,721	#
Customer E	#	*	5,107	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.



# Notes to the Unaudited Condensed Consolidated Financial Statements

For the nine months ended 30 September 2020

## 3. REVENUE AND SEGMENT INFORMATION (Continued)

### Information about major customers (Continued)

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

	As at 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Hong Kong	28,155	29,334
Germany	6,833	7,833
Total	34,988	37,167

## 4. OTHER INCOME

	Three months ended 30 September		Nine months ended 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Sample sales income	19	91	329	423
Others	243	3	487	16
Total	262	94	816	439

## 5. OTHER GAINS AND LOSSES

	Three months ended 30 September		Nine months ended 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Net foreign exchange (loss)/gain	225	(470)	17	(527)
Bad Debt	(135)	-	(135)	-
Total	90	(470)	(118)	(527)

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the nine months ended 30 September 2020

## 6. INCOME TAX EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Hong Kong Profits Tax:				
Current tax	154	478	206	638
Deferred taxation	19	7	23	22
<b>Total</b>	<b>173</b>	<b>485</b>	<b>229</b>	<b>660</b>

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%.

## 7. PROFIT FOR THE PERIOD

	Three months ended 30 September		Nine months ended 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Profit for the period has been arrived at after charging:				
Directors' remuneration	546	571	1,768	1,823
Other staff costs:				
— Salaries and other benefits	535	493	1,648	1,843
— Retirement benefit scheme contributions	24	20	69	74
<b>Total staff costs</b>	<b>559</b>	<b>513</b>	<b>1,717</b>	<b>1,917</b>
<b>Total employee benefits expenses</b>	<b>1,105</b>	<b>1,084</b>	<b>3,485</b>	<b>3,740</b>
Auditor's remuneration	100	100	300	300
Depreciation of plant and equipment	289	294	868	880
Depreciation of leasehold improvements	5	—	16	—
Amortisation of intangible assets	250	250	750	750
Cost of inventories recognised as cost of sales	35,131	17,640	69,937	51,246
Minimum lease payment under operating leases in respect of land and building	—	—	—	47

# Notes to the Unaudited Condensed Consolidated Financial Statements

*For the nine months ended 30 September 2020*

## **8. DIVIDENDS**

The Board does not recommend the payment of any dividend for the three months ended 30 September 2020 (three months ended 30 September 2019: Nil).

## **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 profit for the nine months ended 30 September 2020 of HK\$566,000 (profit for the nine months ended 30 September 2019: HK\$2,468,000), and the weighted average number of ordinary shares of 100,000,000 (nine months ended 30 September 2019: 100,000,000) in issue during the nine months ended 30 September 2020.

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the nine months ended 30 September 2019 has been adjusted to reflect the effect of the share consolidation of the Company with effect from 5 August 2020 as detailed in Note 1.

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

Our Group is based in Hong Kong and generates revenue mainly from (i) the sales of apparel products with the provision of SCM services to customers, delivering one-stop solution to customers in Europe and Asia; and (ii) the sales of construction materials to construction materials sourcing agents in Cambodia.

As a well-established apparel SCM services provider, we have developed a vertically integrated business model with services ranging across market trend analysis, product design and development, sourcing of suppliers, production management, logistics services and quality control. 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 the fashion industry, as they do not have to separately engage different suppliers for various types of services throughout the apparel supply chain.

Besides, during the nine months ended 30 September 2020, our Group leveraged on our experience in SCM and extended our business to the supply of construction materials in order to diversify our income stream. Our customers for construction materials are primarily construction materials sourcing agents in Cambodia.

## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Our Group's business objective is to become a key market player in the Hong Kong apparel SCM industry. After the Listing, the proceeds raised from the Listing is targeted to expand our business to maintain and strengthen our market position by pursuing our business strategies. An analysis comparing the business objectives as set out in the prospectus of the Company dated 23 April 2018 (the "**Prospectus**") with the Group's actual business progress for the period from the Listing Date up to 30 September 2020 is set out below:

<b>Business objectives</b>	<b>Actual progress</b>
Continue our growth by solidifying our relationship with existing customers and exploring new customers	Our staff paid visits to our existing and new customers.
Increase our geographic footprint to new apparel retail markets	Our staff explored and paid visits to a number of potential new customers located in Europe and Asia. The Group has successfully commenced business relationship with a number of them.

# Management Discussion and Analysis

## Business objectives

## Actual progress

Set up a new showroom to showcase our product offerings

The Group has acquired a new showroom on 10 September 2018 to showcase its product offerings.

Strengthen our design and development capabilities to develop new design collections

The Group has prepared a wider variety of sample products for our design collections in our new showroom.

Enhance our quality control process

Our quality control team performed on-site quality inspections at the location of our suppliers.

Repay bank borrowings

HK\$5.2 million of bank borrowing has been repaid, as set out in the section headed "Statement of Business Objective and Use of Proceeds" in the Prospectus.

## FINANCIAL REVIEW

### Revenue

Our Group's revenue increased by 21.0% from HK\$67.1 million for the nine months ended 30 September 2019 to HK\$81.2 million for the nine months ended 30 September 2020. The increase was mainly driven by the increased revenue from the sales of construction materials in Cambodia.

### Cost of sales

Our cost of sales mainly consists of purchase costs, import duty and other cost of sales. Purchase cost represents the cost of apparel products purchased from our suppliers mainly located in the People's Republic of China, Madagascar and Cambodia, and the cost of construction materials purchased from our suppliers located in Malaysia.

The cost of sales increased by 36.5% from HK\$51.2 million for the nine months ended 30 September 2019 to HK\$69.9 million for the nine months ended 30 September 2020, which was mainly driven by the higher costs of sales for construction materials.

# Management Discussion and Analysis

## **Gross profit and gross profit margin**

Our gross profit was HK\$15.8 million and HK\$11.3 million for the nine months ended 30 September 2019 and 2020, respectively. The gross profit margin dropped from 23.6% for the nine months ended 30 September 2019 to 13.9% for the nine months ended 30 September 2020, which was mainly due to the combined effect of (i) the decrease in gross profit margin of the apparel products business due to the pessimistic sentiment on the global retail markets, which made our customers tend to make orders with lower average selling prices that led to a tumble in the gross profit margin; and (ii) the commencement of the construction materials business in the second quarter of 2020, which has a lower gross profit margin than that of the apparel products business.

## **Other income**

Other income amounted to HK\$0.4 million and HK\$0.8 million for the nine months ended 30 September 2019 and 2020, respectively, mainly derived from the wage subsidies of the Employment Support Scheme from the government of Hong Kong.

## **Other gains and losses**

Other gains and losses mainly represent (i) the bad debt arisen from our operation; and (ii) the net foreign exchange difference resulted from fluctuations in the exchange rate of the foreign currency incurred in our 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 amounted to HK\$5.6 million and HK\$4.2 million for the nine months ended 30 September 2019 and 2020, respectively. Such decrease was mainly attributable to the decrease in exhibition fees for participating in trade fairs and travelling expenses due to the global travelling restrictions as a result of the coronavirus disease 2019 (“COVID-19”) outbreak.

## **Administrative expenses**

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 remained stable at HK\$6.6 million for the nine months ended 30 September 2019 and 2020, respectively.

# Management Discussion and Analysis

## **Finance costs**

The Group's finance costs remained stable at HK\$0.4 million for the nine months ended 30 September 2019 and 2020, respectively.

## **Income tax expense**

Income tax expense amounted to HK\$0.7 million and HK\$0.2 for the nine months ended 30 September 2019 and 2020, respectively.

## **Profit for the period**

The profit of the Group for the nine months ended 30 September 2020 amounted to HK\$0.6 million (profit for the nine months ended 30 September 2019: HK\$2.5 million). Such decrease in profit was mainly attributable to decrease in gross profit margin.

## **Charge of the Group's assets**

As at 30 September 2020, 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.

Pursuant to the ordinary resolutions passed at the extraordinary general meeting of the Company held on 3 August 2020, the Company implemented the share consolidation with effect from 5 August 2020, on the basis that every ten issued and unissued existing shares of the Company of HK\$0.01 each were consolidated into one consolidated share of HK\$0.1 each, ranked pari passu in all respects with each other. Upon completion of the share consolidation, the Company's share capital consists of 100,000,000 consolidated shares of HK\$0.1 each.

As at 30 September 2020, the Company's issued share capital was HK\$10,000,000 and the number of its issued ordinary shares was 100,000,000 of HK\$0.1 each.

## **Significant investment held**

As at 30 September 2020, 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 2020.

# Management Discussion and Analysis

## **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 (“**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 nine months ended 30 September 2020, our Group considers that there is no significant foreign exchange risk 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.

## **PROSPECTS**

Since late 2019, the pandemic of the COVID-19 has been weighing on the global economy and the worldwide retail environment, which in turn, is expected to continue to exert adverse impact on our business in the foreseeable future.

The Group’s profitability had been severely affected by COVID-19 since last year, and we expect that such situation would persist, especially in the Europe and the US. The travel restriction caused by COVID-19 has hindered our overseas customers from visiting us or us from visiting them for making sales orders. Moreover, in view of the weakening retail markets, customers would tend to make orders with lower average selling prices, which led to a tumble in our gross profit margin of the apparel business.

The forthcoming business environment would remain challenging, as we see quite a number of well-established apparel retailers are encountering financial difficulties amidst the persisting pandemic of COVID-19.

In order to diversify the income stream of the Group, the Group has started exploring new business opportunities in the sales of construction materials to ASEAN countries since the second quarter of 2020. The Directors are of the view that, the expansion into the construction materials business would bring more stable revenue to the Group, as the sales of construction materials is less affected by the COVID-19 pandemic and the US-China trade war.



# Management Discussion and Analysis

Nevertheless, to confront external uncertainties, we are closely monitoring our existing business operations and the possible impacts brought by the COVID-19 pandemic, and taking appropriate actions to tackle such impacts. On production side, measures are taken to make sure the impact on the production and shipment is mitigated as much as possible, such as more comprehensive planning on production schedules with suppliers and the logistics of raw materials and finished goods. On customer side, our team is following up proactively with our major customers via electronic means, in order to minimize the impact on the sales orders at our best endeavours.

Moreover, as an immediate short-term initiative, cost-control measures have been taken since 2019, as we continue to reduce our operating costs. Going forward, the Group will continue to consider applying more stringent measures, in order to cope with the lingering business downturn.

## USE OF PROCEEDS

The net proceeds from the Listing (the “**Net Proceeds**”), after deducting the actual underwriting commissions and expenses paid by the Company in connection thereto, were approximately HK\$32.2 million.

The Company intends to utilise the Net Proceeds in the same manner as disclosed in the section headed “Statement of Business Objectives and Use of Proceeds” of the Prospectus.

Up to 30 September 2020, the Group had utilised approximately HK\$17.5 million to set up a new showroom, HK\$5.2 million to repay its bank borrowings, HK\$3.2 million to fund the general working capital need, HK\$2.0 million to strengthening our design and development capabilities to develop new design collections, HK\$1.3 million to solidify relationship with existing customers and explore new customers, and HK\$0.8 million to enhance quality control process. The unutilised Net Proceeds were placed in a licensed bank in Hong Kong.

For the unutilised Net Proceeds up to 30 September 2020, the Company expects to utilise (i) approximately HK\$0.2 million for strengthening design and development capabilities by 31 December 2020; and (ii) approximately HK\$1.0 million by 31 December 2021 and HK\$1.0 million by 31 December 2022 for solidifying relationship with existing customers and exploring new customers.

# Management Discussion and Analysis

## **CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2020, the total equity of the Group was HK\$55.6 million (31 December 2019: HK\$62.5 million). The Group's cash and cash equivalent was HK\$12.5 million (31 December 2019: HK\$30.5 million). Based on the above analysis, coupled with sufficient cash and bank balances, we have adequate liquidity and financial resources to meet our working capital requirements.

## **DIVIDENDS**

The Board does not recommend the payment of any dividend for the three months ended 30 September 2020 (three months ended 30 September 2019: Nil).

## **SEGMENT INFORMATION**

Segmental information is disclosed in note 3 of the unaudited condensed consolidated financial statements.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

For the nine months ended 30 September 2020, the Group had not made any material acquisition or disposal of subsidiaries, associates and joint ventures (nine months ended 30 September 2019: 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 2020.

# 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 2020, the interests and short positions of our Directors or chief executive of our Company in the Shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (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 <sup>(1)</sup>	Percentage of issued share capital <sup>(3)</sup>
Mr. Ko	Interest in a controlled corporation <sup>(2)</sup>	75,000,000 (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. 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 2020 (i.e. 100,000,000 Shares).

## Other Information

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

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

Save as disclosed above, as at 30 September 2020, 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 2020, 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*

<b>Name</b>	<b>Nature of interest and capacity</b>	<b>Number of Shares held<sup>(1)</sup></b>	<b>Percentage of issued share capital<sup>(2)</sup></b>
Metro Vanguard	Beneficial owner	75,000,000 (L)	75%
Ms. Chan Sau Fung	Interest of spouse <sup>(2)</sup>	75,000,000 (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 2020 (i.e. 100,000,000 Shares).

Save as disclosed above, as at 30 September 2020, 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 2020 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 2020, 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 2020.

### **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 and Corporate Governance Report 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 2020.

## 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 2020.

### **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 2020.

### **SHARE OPTION SCHEME**

The Company has conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 16 April 2018 pursuant to a resolution passed by the Company’s then sole shareholder. The purpose of the Share Option Scheme is to provide 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.

No share option was granted, lapsed, exercised or cancelled by the Company under the Share Option Scheme since its adoption on 16 April 2018 and there was no outstanding share option as at the date of this report.

Further details on the principal terms of the Share Option Scheme were summarised in the section headed “Statutory and General Information — D. Share Option Scheme” in Appendix IV to the Prospectus.

## 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 information of the Group for the nine months ended 30 September 2020 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, 13 November 2020