

THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, stockbroker, bank manager, solicitor, professional accountant or other professional adviser and obtain independent professional advice.

If you have sold or transferred all your shares in Vision International Holdings Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to their 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 Composite Document and the accompanying Form of Acceptance.

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer.

Mr. Lau Chi Wing James
劉志榮先生


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)

**COMPOSITE DOCUMENT
RELATING TO
MANDATORY UNCONDITIONAL CASH OFFER BY
QUAM SECURITIES LIMITED FOR AND ON BEHALF
OF LAU CHI WING JAMES
TO ACQUIRE ALL OF THE ISSUED SHARES IN THE
ISSUED SHARE CAPITAL OF
VISION INTERNATIONAL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY LAU CHI WING JAMES
AND PARTIES ACTING IN CONCERT WITH HIM)**

Financial adviser to the Offeror



Offer Agent to the Offeror



**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**

MERDEKA 領智

Unless the context otherwise requires, capitalised terms used in this Composite Document (including this cover page) having the same meanings as those defined in the "Definitions" section of this Composite Document.

A letter from Quam Securities containing, among other things, principal terms of the Offer is set out on pages 10 to 19 of this Composite Document. A letter from the Board is set out on pages 20 to 27 of this Composite Document. A letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Offer is set out on pages 28 to 29 of this Composite Document. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Offer and the principal factors considered by it in arriving at its recommendation is set out on pages 30 to 51 of this Composite Document.

The procedures for acceptance and settlement as well as other related information of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance. Form of Acceptance should be received by the Registrar, namely Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event no later than 4:00 p.m. on Thursday, 14 September 2023 (or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce, with the consent of the Executive, in accordance with the Takeovers Code).

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the section headed "The Offer — Overseas Shareholders" in the "Letter from Quam Securities" of this Composite Document before taking any action. It is the sole responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consent which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes due from the accepting Overseas Shareholders in respect of such jurisdictions). The Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offer (as applicable).

This Composite Document is issued jointly by the Offeror and the Company. This Composite Document will remain on the website of the Stock Exchange at www.hkexnews.hk and website of the Company at www.vision-holdings.com.hk as long as the Offer remains open. In case of any inconsistency, the English language texts of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

This Composite Document, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Composite Document 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 document misleading.

24 August 2023

CHARACTERISTICS OF GEM

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

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

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EXPECTED TIMETABLE

The timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company.

2023

Despatch date of this Composite Document and the accompanying Form of Acceptance and commencement date of the Offer (*Note 1*) Thursday, 24 August

Latest time and date for acceptance of the Offer (*Notes 1, 2 and 4*) 4:00 p.m. on Thursday, 14 September

Closing Date (*Notes 1 and 2*) Thursday, 14 September

Announcement of the results of the Offer, to be posted on the website of the Stock Exchange (*Note 1*) no later than 7:00 p.m. on Thursday, 14 September

Latest date for posting of remittances in respect of valid acceptances received under the Offer (*Notes 3 and 4*) Monday, 25 September

Notes:

- (1) The Offer, which is unconditional in all respect, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date.

In accordance with the Takeovers Code, the Offer must remain open for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance will be at 4:00 p.m. on Thursday, 14 September 2023 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror and the Company will jointly issue an announcement through the websites of the Stock Exchange and the Company no later than 7:00 p.m. on Thursday, 14 September 2023 stating the results of the Offer and whether the Offer has been extended, revised or expired. In the event that the Offeror decides to extend the Offer, and the announcement regarding the extension of the Offer does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.

- (2) Beneficial owners of the Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
- (3) Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares tendered under the Offer will be despatched to the Independent Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days following the date of receipt by the Registrar of all relevant documents (receipt of which renders such acceptance complete and valid), in accordance with the Takeovers Code. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code. Please refer to the paragraph headed "5. Right of withdrawal" in Appendix I to this Composite Document for further information on the circumstances where acceptances may be withdrawn.

EXPECTED TIMETABLE

- (4) If there is a tropical cyclone warning signal number 8 or above, or “extreme conditions” caused by super typhoons or a black rainstorm warning:
- (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer and the latest date for despatch of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer will remain at 4:00 p.m. on the same Business Day and the latest date for despatch of remittances will remain on the same Business Day; or
 - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the latest date for despatch of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. and the latest date for despatch of remittances will be rescheduled to the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

Save as mentioned above, if the latest time for acceptance of the Offer do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Independent Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

All references to dates and times contained in this Composite Document and the accompanying Form of Acceptance refer to Hong Kong dates and times.

IMPORTANT NOTICE

NOTICE TO THE OVERSEAS SHAREHOLDERS

The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements and, where necessary, seek independent legal advice in respect of the Offer.

It is the responsibility of any such person who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due from him/her/it in respect of such jurisdiction.

Any acceptance by the Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the local laws and requirements have been complied with and such acceptance shall be lawful, valid and binding in accordance with all applicable laws. Such Overseas Shareholders should consult their respective professional advisers if in doubt.

Based on the register of members of the Company as at the Latest Practicable Date, none of the Shareholders registered as a shareholder on the register of members of the Company is an Overseas Shareholder. Please refer to the section headed “7. Overseas Shareholders” in Appendix I to this Composite Document for further information.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The forward-looking statements included herein are made only as at the Latest Practicable Date. The Offeror and the Company assume no obligation to correct or update the forward-looking statements or opinions contained in this Composite Document, except as required pursuant to applicable laws or regulations, including but not limited to the GEM Listing Rules and/or the Takeovers Code.

DEFINITIONS

In this Composite Document, unless the context otherwise requires, the following expressions shall have the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code and “concert parties” shall be construed accordingly
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	14 September 2023, the closing date of the Offer, or if the Offer is extended, any subsequent closing date as may be determined by the Offeror and jointly announced by the Offeror and the Company, with the consent of the Executive, in accordance with the Takeovers Code
“Company”	Vision International Holdings Limited (威誠國際控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the GEM (stock code: 8107)
“Completion”	completion of the Share Transfer in accordance with the terms and conditions of the Share Transfer Agreement, which took place on 24 July 2023
“Composite Document”	this composite offer and response document dated 24 August 2023 and jointly issued by the Offeror and the Company to the Shareholders in connection with the Offer in accordance with the Takeovers Code containing, among other things, details of the Offer (accompanied by the Form of Acceptance) and the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the amount of HK\$57,725,952, being consideration payable by the Offeror to the Vendor for the Share Transfer
“controlling shareholder”	has the meaning ascribed to it under the GEM Listing Rules

DEFINITIONS

“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“First Drawdown”	the first drawdown of HK\$20,300,000 made by the Vendor under the Loan on the First Drawdown Date pursuant to the Loan Agreement
“First Drawdown Date”	29 December 2022, on which the Vendor made the First Drawdown
“Form of Acceptance”	the form of acceptance and transfer of the Offer Shares in respect of the Offer accompanying this Composite Document
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Grande Capital”	Grande Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to the Offeror in relation to the Offer
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. To King Yan, Adam, Mr. Kwok Chee Kin and Mr. Chan Kim Sun, which has been established by the Company to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer

DEFINITIONS

“Independent Financial Adviser” or “Merdeka”	Merdeka Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company and approved by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Offer and as to the acceptance of the Offer
“Independent Shareholder(s)”	holder(s) of Share(s), other than the Offeror and parties acting in concert with him
“Joint Announcement”	the announcement dated 21 July 2023 jointly issued by the Offeror and the Company in relation to, among others, the Share Transfer and the Offer
“Last Trading Day”	10 July 2023, being the last trading day of the Shares immediately prior to the release of the Joint Announcement
“Latest Practicable Date”	21 August 2023, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Lender”	Quick Target Limited, a company incorporated in the BVI with limited liability, which is owned as to 40.0% by the Offeror, 20.1% by Ms. Choi Man Yun Marian (蔡曼恩), 13.3% by Ms. Kong Lai Ying (江麗英), 13.3% by Mr. Chen Man Lung (陳文龍) and 13.3% by Ms. Chung Tung Lai Fiona (鍾東麗) as at the Latest Practicable Date
“Loan”	the loan advanced by the Offeror, for and on behalf of the Lender, to the Vendor pursuant to the Loan Agreement in the principal amount of HK\$52,500,000 at an interest rate of 8% per annum
“Loan Agreement”	the loan agreement dated 23 December 2022 entered into among the Vendor (as borrower), the Lender and Mr. Ko (as guarantor) in relation to the grant of the Loan by the Lender to the Vendor (as amended and supplemented by the Supplemental Loan Agreement dated 30 May 2023)
“Mr. Ko”	Mr. Ko Sin Yun (高銑印), the chairman and an executive Director of the Company

DEFINITIONS

“Offer”	the mandatory unconditional cash offer made by Quam Securities for and on behalf of the Offeror to acquire all the issued Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with him on the terms and conditions set out in this Composite Document and in accordance with the Takeovers Code
“Offer Facility”	a loan facility of up to HK\$130.0 million in aggregate made available by Quam Securities to the Offeror
“Offer Facility Share Charge”	a share charge to be given by the Offeror in favour of Quam Securities over the Sale Shares and Offer Shares to be acquired by the Offeror and parties acting in concert with him as security for the Offer Facility
“Offer Period”	the period commenced on 21 July 2023 and ends on the Closing Date in accordance with the Takeovers Code
“Offer Price”	the cash amount of HK\$2.18 payable by the Offeror for each Offer Share
“Offer Shares”	all the issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with him
“Offeror”	Mr. Lau Chi Wing James (劉志榮), who is the purchaser under the Share Transfer Agreement
“Overseas Shareholders”	Independent Shareholder(s) whose address(es), as shown on the register of members of the Company is/are outside Hong Kong
“Personal Guarantee”	the personal guarantee provided by Mr. Ko as guarantor in favour of the Lender to guarantee the repayment of the Loan by the Vendor
“PRC”	the People’s Republic of China, which for the purpose of this Composite Document, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Quam Securities”	Quam Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, the agent making the Offer on behalf of the Offeror

DEFINITIONS

“Registrar”	Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong
“Relevant Period”	the period commencing on 21 January 2023, being the date falling six months immediately preceding the commencement of the Offer Period, up to and including the Latest Practicable Date
“Sale Shares”	the 75,000,000 Shares acquired by the Offeror from the Vendor pursuant to the terms and conditions of the Share Transfer Agreement, representing 56.82% of the total issued share capital of the Company as at the Latest Practicable Date
“Second Drawdown”	the second drawdown of HK\$32,200,000 made by the Vendor under the Loan on the Second Drawdown Date pursuant to the Loan Agreement and the Supplemental Loan Agreement
“Second Drawdown Date”	30 May 2023, on which the Vendor made the Second Drawdown
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of nominal value of HK\$0.1 each in the share capital of the Company
“Share Charge”	the share charge over the 75,000,000 Shares legally and beneficially owned by the Vendor created in favour of the Lender as security for the Loan
“Share Transfer Agreement”	the conditional share transfer agreement dated 10 July 2023 entered into between the Vendor and the Offeror in relation to the sale and purchase of the Sale Shares
“Share Transfer”	the purchase of the Sale Shares by the Offeror from the Vendor in accordance with the terms and conditions of the Share Transfer Agreement
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Supplemental Loan Agreement”	the supplemental loan agreement dated 30 May 2023 entered into among the Vendor (as borrower), the Lender and Mr. Ko (as guarantor), pursuant to which the Second Drawdown Date was amended from 29 June 2023 to 30 May 2023
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor”	Metro Vanguard Limited, a company incorporated in the BVI with limited liability, which is wholly owned by Mr. Ko, the chairman and an executive Director of the Company
“%”	per cent.

Unless the context otherwise requires, all references in this Composite Document to:

- (a) times and dates are references to Hong Kong times and dates, except as otherwise specified;
- (b) pronouns in masculine, feminine or neutral genders shall be construed to state and include any other gender; and
- (c) words, terms and titles in the singular form shall be construed to include the plural and vice versa.

LETTER FROM QUAM SECURITIES



To the Independent Shareholders

24 August 2023

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
QUAM SECURITIES LIMITED FOR AND ON BEHALF
OF LAU CHI WING JAMES
TO ACQUIRE ALL OF THE ISSUED SHARES IN THE
ISSUED SHARE CAPITAL OF
VISION INTERNATIONAL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY LAU CHI WING JAMES
AND PARTIES ACTING IN CONCERT WITH HIM)**

INTRODUCTION

References are made to (i) the Joint Announcement in relation to, among other things, the Share Transfer and the Offer; (ii) the joint announcement dated 24 July 2023 issued by the Offeror and the Company in relation to, among others, the Completion and the Offer; and (iii) the joint announcement dated 11 August 2023 issued by the Offeror and the Company in relation to the delay in despatch of the Composite Document. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context otherwise requires.

On 23 December 2022, the Vendor (as borrower), the Lender and Mr. Ko (as guarantor) entered into the Loan Agreement. Pursuant to the Loan Agreement, among others, (i) the Vendor requested and the Lender agreed to make available to the Vendor the Loan in the principal amount of HK\$52,500,000 at an interest rate of 8% per annum which was to be advanced by the First Drawdown of HK\$20,300,000 and the Second Drawdown of HK\$32,200,000; (ii) the Vendor charged 75,000,000 Shares, representing approximately 56.82% of the total issued share capital of the Company as at the Latest Practicable Date, to the Lender (i.e. the Share Charge) as security for the repayment of the Loan by the Vendor; and (iii) Mr. Ko provided the Personal Guarantee to the Lender to guarantee the repayment of the Loan by the Vendor. The Loan with all interest accrued thereon is due and payable on 29 June 2024. Mr. Ko, through the Vendor, had taken out the Loan to support his personal affairs. The Vendor is a company wholly-owned by Mr. Ko, the chairman and an executive Director of the Company.

On 29 December 2022, the Offeror, for and on behalf of the Lender, advanced the First Drawdown to the Vendor pursuant to the Loan Agreement. On 30 May 2023, the Vendor (as borrower), the Lender and Mr. Ko (as guarantor) entered into the Supplemental Loan

LETTER FROM QUAM SECURITIES

Agreement to amend the date for the Second Drawdown from 29 June 2023 to 30 May 2023 and the Offeror, for and on behalf of the Lender, advanced the Second Drawdown to the Vendor on the same date.

The funds for the First Drawdown and Second Drawdown were contributed solely by the Offeror.

The Lender was originally incorporated as a business venture in providing financing to the Vendor, but eventually this business venture was solely undertaken by the Offeror himself without any financial contribution from other shareholders of the Lender. Except for entering into the Loan Agreement and the Supplemental Loan Agreement, the Lender has not engaged in any business activities since its incorporation. As confirmed by the Offeror, it was resolved by majority of the shareholders that the Lender shall be dissolved upon completion of the Share Transfer Agreement (i.e. settlement of the Loan).

As disclosed in the Joint Announcement, on 10 July 2023, the Vendor and the Offeror entered into the Share Transfer Agreement, pursuant to which the Vendor conditionally agreed to sell and transfer, and the Offeror conditionally agreed to purchase, the Sale Shares free from all encumbrances for a cash Consideration of HK\$57,725,952, equivalent to approximately HK\$0.7697 per Sale Share, which will be satisfied by way of offsetting the entire principal amount of the Loan of HK\$52,500,000 (which was advanced by the Offeror, for and on behalf of the Lender, to the Vendor in the form of First Drawdown and Second Drawdown) and the interest of HK\$5,225,952 payable for the Loan term against the Consideration. The Sale Shares, being the 75,000,000 Shares under the Share Charge, represent approximately 56.82% of the total issued share capital of the Company as at the Latest Practicable Date.

Immediately prior to Completion, save for the Share Charge, the Offeror and parties acting in concert with him did not own, control or have direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately after Completion which took place on 24 July 2023 and as at the Latest Practicable Date, the Offeror and parties acting in concert with him hold in aggregate 75,000,000 Shares, representing 56.82% of the total issued share capital of the Company.

The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with him. Quam Securities is making the Offer for and on behalf of the Offeror.

This letter sets out, among other things, the principal terms of the Offer, together with the information on the Offeror and the Offeror's intentions regarding the Group. Further details of the Offer and procedures for accepting and settlement of the Offer are also set out in Appendix I to this Composite Document and the accompanying Form of Acceptance. Independent Shareholders are strongly advised to consider carefully the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee" to the Independent Shareholders, the "Letter from the Independent Financial Adviser" to the Independent Board Committee and the Independent Shareholders and the appendices as set out in this Composite Document and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Offer.

LETTER FROM QUAM SECURITIES

THE OFFER

Principal terms of the Offer

We are making the Offer, for and on behalf of the Offeror, to acquire the Offer Shares on the following basis:

The Offer

For each Offer Share HK\$2.18 in cash

The Offer Price is HK\$2.18 per Offer Share. As at the Latest Practicable Date, the Lender is owned as to 40.0% by the Offeror, 20.1% by Ms. Choi Man Yun Marian, 13.3% by Ms. Kong Lai Ying, 13.3% by Mr. Chen Man Lung and 13.3% by Ms. Chung Tung Lai Fiona. The Offeror is considered to be acting in concert with the other shareholders of the Lender under the Takeovers Code.

In anticipation of the requirement to make the Offer after signing of the Share Transfer Agreement, the Offeror has, for prudence's sake, made enquiries with all other shareholders of the Lender as to any dealings in the Shares by them and/or their associates during the six months prior to the commencement of the Offer Period. In this regard, Ms. Kong Lai Ying (“**Ms. Kong**”) who holds 13.3% of the issued share capital of the Lender indicated that her son had acquired certain Shares during the six months prior to the commencement of the Offer Period and the highest price paid was HK\$2.18 per Share. Although the funds for the First Drawdown and Second Drawdown were contributed solely by the Offeror and Ms. Kong's son is not a party acting in concert with the Offeror in relation to the Lender or the Company, the Offeror has considered the need to ensure the perception of fair and equal treatment to all Shareholders, and hence decided to make the Offer at the price of HK\$2.18 per Offer Share, instead of the price he would pay for each Sale Share (i.e. HK\$0.7697).

As at the Latest Practicable Date, there are 132,000,000 Shares in issue and the Company does not have any outstanding options, warrants or derivatives or securities convertible or exchangeable into Shares.

The Offer is unconditional in all respects and extended to all Independent Shareholders in accordance with the Takeovers Code.

Under the terms of the Offer, the Offer Shares to be acquired under the Offer shall be fully paid and free from all encumbrance and together with all rights and benefits attached thereto, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document.

The procedures for acceptance and further details of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

LETTER FROM QUAM SECURITIES

Comparison of value

The Offer Price of HK\$2.18 per Offer Share represents:

- (i) a discount of approximately 69.72% to the closing price of HK\$7.20 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 64.26% to the average closing price of approximately HK\$6.10 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a discount of approximately 60.22% to the average closing price of approximately HK\$5.48 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 51.77% to the average closing price of approximately HK\$4.52 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 53.12% to the closing price of HK\$4.65 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vi) a premium of approximately 435.36% over the audited consolidated net assets value attributable to the owners of the Company per Share of approximately HK\$0.4072 as at 31 December 2022 (based on a total of 132,000,000 Shares in issue as at the Latest Practicable Date and the audited consolidated net assets value attributable to the owners of the Company of HK\$53,755,000 as at 31 December 2022); and
- (vii) a premium of approximately 376.8% over the unaudited consolidated net assets value attributable to the owners of the Company per Share of approximately HK\$0.4572 as at 30 June 2023 (based on a total of 132,000,000 Shares in issue as at the Latest Practicable Date and the audited consolidated net assets value attributable to the owners of the Company of HK\$60,353,000 as at 30 June 2023).

Highest and lowest Share prices

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$7.28 per Share on 21 July 2023, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.5 per Share on 15 February 2023.

Total consideration for the Offer Shares

As at the Latest Practicable Date, there are 132,000,000 Shares in issue and the Company has no other outstanding Shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other relevant securities in the Company (as defined in Note 4 to Rule 22 of the Takeovers Code).

LETTER FROM QUAM SECURITIES

Assuming that there is no change in the issued share capital of the Company and based on the Offer Price of HK\$2.18 per Offer Share, the total issued share capital of the Company is valued at HK\$287,760,000. As the Offeror and parties acting in concert with him hold in aggregate 75,000,000 Shares as at the Latest Practicable Date, 57,000,000 Shares are subject to the Offer. Based on the Offer Price of HK\$2.18 per Offer Share, the consideration of the Offer would be HK\$124,260,000.

Financial resources available for the Offer

The maximum amount of cash payable by the Offeror in respect of the consideration payable upon full acceptance of the Offer is HK\$124,260,000, assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the close of the Offer. The Offeror intends to satisfy the consideration payable under the Offer by the Offer Facility of up to HK\$130.0 million granted to him by Quam Securities. The Offer Facility is secured by (i) the Offer Facility Share Charge given by the Offeror in favour of Quam Securities; and (ii) a cash collateral in the amount of HK\$3,000,000.

The Offeror does not intend that the payment of interest on, repayment of or provision of security for any liability (contingent or otherwise) under the Offer Facility will depend to any significant extent on the business of the Company.

Grande Capital, as the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the amount of funds required for full acceptance of the Offer.

Effect of accepting the Offer

By accepting the Offer, the Independent Shareholders will be deemed to warrant that all Offer Shares to be sold by such person under the Offer are fully paid and free from all encumbrances and together with all rights and benefits attaching thereto as at the date of this Composite Document or subsequently becoming attached to them, including but not limited to the right to receive in full all dividends, distributions and any return of capital, if any, which may be made or declared or agreed to be made or declared, and the record date of which falls on or after the date on which the Offer is made, being the date of despatch of this Composite Document. The Company confirmed that as at the Latest Practicable Date, (i) it had not declared any dividend which had not yet paid; and (ii) it does not have any intention to declare or pay any future dividend or make other distributions prior to and including the Closing Date.

The Offer is unconditional in all respects and will remain open for acceptance from the date of this Composite Document until 4:00 p.m. on the Closing Date. Acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code, details of which are set out in the section headed “5. Right of withdrawal” in Appendix I to this Composite Document.

LETTER FROM QUAM SECURITIES

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) Business Days following the date of receipt of a duly completed acceptance of the Offer. Relevant documents evidencing title of the Offer Shares must be received by or on behalf of the Offeror to render such acceptance of the Offer complete and valid.

Hong Kong Stamp duty

In Hong Kong, seller's ad valorem stamp duty at a rate of 0.13% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Independent Shareholders on acceptance of the Offer. The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of accepting Independent Shareholders and pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.

Overseas Shareholders

As the Offer to persons not being resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the sole responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consent which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes due from the accepting Independent Shareholders in respect of such jurisdictions).

Any acceptance of the Offer by such Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the applicable local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

Taxation advice

The Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Vendor, the Company, Quam Securities, Grande Capital, the Independent Financial Adviser, the Registrar nor their respective ultimate beneficial owners, directors, officers, advisers, agents or associates, as applicable, or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

LETTER FROM QUAM SECURITIES

INFORMATION ON THE GROUP

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its issued Shares have been listed on GEM since 4 May 2018.

The Company is an investment holding company incorporated in the Cayman Islands with limited liability. The Group is principally engaged in the sales of apparel and related products with the provision of supply chain management services and provision of agency services for construction and related materials.

The financial information of the Group is set out in Appendix II to this Composite Document. Your attention is also drawn to the further information in relation to the Group as set out in Appendix III to this Composite Document.

INFORMATION ON THE OFFEROR

The Offeror, aged 74, has more than 50 years of experience in the apparel industry. The Offeror was a former director of South Season Industrial Company Limited, a company incorporated in Hong Kong and principally engaged in import and export business of garment and a former director of Actex Textiles Limited, a company incorporated in Hong Kong and principally engaged in garment manufacturing. Throughout his career in the apparel industry, the Offeror has accumulated extensive experience in the management, operation and administration of garment factory as well as import and export businesses of garment and apparel. The Offeror is currently the sole shareholder and sole director of Actex International Limited, a company incorporated in Hong Kong with limited liability which is principally engaged in the sale of garment and apparel.

INTENTIONS OF THE OFFEROR REGARDING THE GROUP

As at the Latest Practicable Date, the Offeror is the controlling shareholder of the Company and is interested in 56.82% of the total issued share capital of the Company.

The Group is principally engaged in the sales of apparel and related products with the provision of supply chain management services and provision of agency services for construction and related materials.

The intention of the Offeror is that the Company's existing principal business activities will be maintained and continued after completion of the Offer. The Offeror confirms that there is no intention to further expand and/or divest the existing businesses of the Company during the Offer Period and after the end of the Offer Period unless appropriate opportunities arise. The Offeror will conduct a review of the existing principal businesses, operations, financial position, investments, proposed investments of the Group for the purpose of formulating long-term business plans and strategies for the future business development of the Group. Leveraging the Offeror's experience, industry knowledge and network in the apparel industry, the Offeror intends to leverage the synergies between the Offeror and the Group to explore related business opportunities in the future.

LETTER FROM QUAM SECURITIES

Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalization, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. As at the Latest Practicable Date, no investment or business opportunity has been identified nor have the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group. As at the Latest Practicable Date, the Offeror and/or the Company has no intention nor have the Offeror and/or the Company entered into any negotiation, agreement, arrangement and understanding (concluded or otherwise) about disposal of or downsizing of any assets or business of the Group. Should such corporate actions materialise, further announcement(s) will be made in accordance with the GEM Listing Rules.

The Offeror intends to continue the employment of the existing management and employees of the Group (except for a proposed change to the members of the Board at a time no earlier than that permitted under the GEM Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate).

The Offeror intends to nominate new director(s) to the Board with effect from a date which is no earlier than such date as permitted under the GEM Listing Rules and the Takeovers Code or such later date as the Offeror considers to be appropriate. Any changes to the members of the Board will be made in compliance with the Takeovers Codes and/or the GEM Listing Rules and further announcement(s) will be made as and when appropriate.

Save for the Offeror's intention regarding the Group as set out above, (i) the Offeror has no intention to make material changes to the employment of the management and employees of the Group (except for a proposed change to the members of the Board at a time no earlier than that permitted under the GEM Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate); and (ii) the Offeror has no intention to dispose of or redeploy the assets of the Group other than those in its ordinary and usual course of business.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror will, together with the Company, use reasonable endeavours to maintain the listing status of the Shares on the Stock Exchange and procure that not less than 25% of the entire issued share capital in the Company be held by the public in compliance with the GEM Listing Rules.

LETTER FROM QUAM SECURITIES

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares. Therefore, it should be noted that, upon close of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange. The Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

ACCEPTANCE AND SETTLEMENT OF THE OFFER

Your attention is drawn to the details regarding the procedures for acceptance and settlement of the Offer as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any outstanding Offer Shares not acquired under the Offer after the close of the Offer.

GENERAL

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold the Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares, whose investments are registered in nominee names, to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

All documents and remittances will be sent to the Independent Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members, or, in case of joint holders to the Independent Shareholder whose name appears first in the said register of members. None of the Offeror, parties acting in concert with the Offeror, the Vendor, the Company, Quam Securities, Grande Capital, the Independent Financial Adviser, the Registrar nor their respective ultimate beneficial owners, directors, officers, advisers, agents or associates, as applicable, or any other person involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

LETTER FROM QUAM SECURITIES

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. You are also reminded to consider carefully the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser” contained in this Composite Document and to consult your professional advisers as you see fit, before deciding whether or not to accept the Offer.

Yours faithfully,
For and on behalf of
Quam Securities Limited
CHIU Chun Kit, Calvin
Responsible Officer

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Ko Sin Yun (*Chairman*)

Mr. Ko Man Ho

Mr. Cheng Ka Wing

Ms. Ng Hoi Yung Yo Yo

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Independent non-executive Directors:

Mr. To King Yan, Adam

Mr. Kwok Chee Kin

Mr. Chan Kim Sun

Headquarters 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

24 August 2023

To the Independent Shareholders:

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
QUAM SECURITIES LIMITED FOR AND ON BEHALF
OF LAU CHI WING JAMES
TO ACQUIRE ALL OF THE ISSUED SHARES OF
VISION INTERNATIONAL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY LAU CHI WING JAMES
AND PARTIES ACTING IN CONCERT WITH HIM)**

INTRODUCTION

References are made to (i) the Joint Announcement in relation to, among other things, the Share Transfer and the Offer; (ii) the joint announcement dated 24 July 2023 issued by the Offeror and the Company in relation to, among others, the Completion and the Offer; and (iii) the joint announcement dated 11 August 2023 issued by the Offeror and the Company in

LETTER FROM THE BOARD

relation to the delay in despatch of the Composite Document. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context otherwise requires.

On 23 December 2022, the Vendor (as borrower), the Lender and Mr. Ko (as guarantor) entered into the Loan Agreement. Pursuant to the Loan Agreement, among others, (i) the Vendor requested and the Lender agreed to make available to the Vendor the Loan in the principal amount of HK\$52,500,000 at an interest rate of 8% per annum which was to be advanced by the First Drawdown of HK\$20,300,000 and the Second Drawdown of HK\$32,200,000; (ii) the Vendor charged 75,000,000 Shares, representing approximately 56.82% of the total issued share capital of the Company as at the Latest Practicable Date, to the Lender (i.e. the Share Charge) as security for the repayment of the Loan by the Vendor; and (iii) Mr. Ko provided the Personal Guarantee to the Lender to guarantee the repayment of the Loan by the Vendor. The Loan with all interest accrued thereon is due and payable on 29 June 2024. Mr. Ko, through the Vendor, had taken out the Loan to support his personal affairs. The Vendor is a company wholly-owned by Mr. Ko, the chairman and an executive Director of the Company.

On 29 December 2022, the Offeror, for and on behalf of the Lender, advanced the First Drawdown to the Vendor pursuant to the Loan Agreement. On 30 May 2023, the Vendor (as borrower), the Lender and Mr. Ko (as guarantor) entered into the Supplemental Loan Agreement to amend the date for the Second Drawdown from 29 June 2023 to 30 May 2023 and the Offeror, for and on behalf of the Lender, advanced the Second Drawdown to the Vendor on the same date.

The funds for the First Drawdown and Second Drawdown were contributed solely by the Offeror.

The Lender was originally incorporated as a business venture in providing financing to the Vendor, but eventually this business venture was solely undertaken by the Offeror himself without any financial contribution from other shareholders of the Lender. Except for entering into the Loan Agreement and the Supplemental Loan Agreement, the Lender has not engaged in any business activities since its incorporation. As confirmed by the Offeror, it was resolved by majority of the shareholders that the Lender shall be dissolved upon completion of the Share Transfer Agreement (i.e. settlement of the Loan).

As disclosed in the Joint Announcement, on 10 July 2023, the Vendor and the Offeror entered into the Share Transfer Agreement, pursuant to which the Vendor conditionally agreed to sell and transfer, and the Offeror conditionally agreed to purchase, the Sale Shares free from all encumbrances for a cash Consideration of HK\$57,725,952, equivalent to approximately HK\$0.7697 per Sale Share, which will be satisfied by way of offsetting the entire principal amount of the Loan of HK\$52,500,000 (which was advanced by the Offeror, for and on behalf of the Lender, to the Vendor in the form of First Drawdown and Second Drawdown) and the interest of HK\$5,225,952 payable for the Loan term against the Consideration. The Sale Shares, being the 75,000,000 Shares under the Share Charge, represent approximately 56.82% of the total issued share capital of the Company as at the Latest Practicable Date.

LETTER FROM THE BOARD

Immediately prior to Completion, save for the Share Charge, the Offeror and parties acting in concert with him did not own, control or have direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately after Completion which took place on 24 July 2023 and as at the Latest Practicable Date, the Offeror and parties acting in concert with him hold in aggregate 75,000,000 Shares, representing 56.82% of the total issued share capital of the Company.

The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with him. Quam Securities is making the Offer for and on behalf of the Offeror.

Further details of the Offer are set out in the “Letter from Quam Securities” and Appendix I to this Composite Document of which this letter forms part, and in the accompanying Form of Acceptance.

The purpose of this Composite Document is to provide you with, among other things, information relating to the Group, the Offeror and the Offer, the recommendation of the Independent Board Committee to the Independent Shareholders and the “Letter from the Independent Financial Adviser” to the Independent Board Committee in relation to the Offer.

THE OFFER

As at the Latest Practicable Date, there were 132,000,000 Shares in issue.

As at the Latest Practicable Date, the Company had no outstanding warrants, options, derivatives or securities convertible or exchangeable into Shares and the Company had not entered into any agreement for the issue of such securities, options, derivatives or warrants of the Company.

Principal terms of the Offer

As disclosed in the “Letter from Quam Securities” on pages 10 to 19 of this Composite Document, Quam Securities is making the Offer for and on behalf of the Offeror to all the Independent Shareholders for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with him) on the following basis:

For each Offer Share HK\$2.18 in cash

The Offer Price is HK\$2.18 per Offer Share. As at the Latest Practicable Date, the Lender is owned as to 40.0% by the Offeror, 20.1% by Ms. Choi Man Yun Marian, 13.3% by Ms. Kong Lai Ying, 13.3% by Mr. Chen Man Lung and 13.3% by Ms. Chung Tung Lai Fiona. The Offeror is considered to be acting in concert with the other shareholders of the Lender under the Takeovers Code.

LETTER FROM THE BOARD

In anticipation of the requirement to make the Offer after signing of the Share Transfer Agreement, the Offeror has, for prudence's sake, made enquiries with all other shareholders of the Lender as to any dealings in the Shares by them and/or their associates during the six months prior to the commencement of the Offer Period. In this regard, Ms. Kong Lai Ying (“**Ms. Kong**”) who holds 13.3% of the issued share capital of the Lender indicated that her son had acquired certain Shares during the six months prior to the commencement of the Offer Period and the highest price paid was HK\$2.18 per Share. Although the funds for the First Drawdown and Second Drawdown were contributed solely by the Offeror and Ms. Kong's son is not a party acting in concert with the Offeror in relation to the Lender or the Company, the Offeror has considered the need to ensure the perception of fair and equal treatment to all Shareholders, and hence decided to make the Offer at the price of HK\$2.18 per Offer Share, instead of the price he would pay for each Sale Share (i.e. HK\$0.7697).

The Offer Shares to be acquired under the Offer shall be fully paid, free from all encumbrances and with all rights and benefits at any time accruing and attached to them, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made, i.e. the date of this Composite Document. As at the Latest Practicable Date, none of the dividends declared by the Company remained unpaid. The Company confirms that it does not intend to declare any dividends during the Offer Period. The Offer is unconditional in all respects. Acceptance of the Offer tendered by the Independent Shareholders shall be unconditional and irrevocable once given and cannot be withdrawn except in circumstances set out in Rule 19.2 of the Takeovers Code.

Your attention is drawn to the further details regarding the procedures for acceptance of the Offer, settlement and acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

INFORMATION OF THE GROUP

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its issued Shares have been listed on GEM since 4 May 2018.

The Company is an investment holding company incorporated in the Cayman Islands with limited liability. The Group is principally engaged in the sales of apparel and related products with the provision of supply chain management services and provision of agency services for construction and related materials.

LETTER FROM THE BOARD

The following table sets out the shareholding structure of the Company (a) as at the date of the Joint Announcement; and (b) immediately after Completion and before the Offer and as at the Latest Practicable Date:

Shareholders	As at the date of the Joint Announcement		Immediately after Completion and before the Offer and as at the Latest Practicable Date	
	<i>Number of Shares</i>	<i>Percentage of shareholding (approximately) (%)</i>	<i>Number of Shares</i>	<i>Percentage of shareholding (approximately) (%)</i>
The Vendor (<i>Note 1</i>)	75,000,000	56.82	—	—
Arena Investors, LP (<i>Note 2</i>)	23,960,000	18.15	23,960,000	18.15
The Offeror	—	—	75,000,000	56.82
Public Shareholders	<u>33,040,000</u>	<u>25.03</u>	<u>33,040,000</u>	<u>25.03</u>
	<u><u>132,000,000</u></u>	<u><u>100.00</u></u>	<u><u>132,000,000</u></u>	<u><u>100.00</u></u>

Notes:

- (1) As at the Latest Practicable Date, the Vendor is wholly owned by Mr. Ko, the chairman and an executive Director of the Company. Therefore, Mr. Ko is deemed to be interested in the Shares held by the Vendor under the SFO. Ms. Chan Sau Fung is the spouse of Mr. Ko. By virtue of the SFO, Ms. Chan is deemed to be interested in all the Shares in which Mr. Ko is interested.
- (2) According to the disclosure of interests filing available to the Company, Arena Investors, LP is an investment manager of and deemed to be interested in the Shares held by Arena Finance Markets, LP, Arena Special Opportunities (Offshore) Master, LP, Arena Special Opportunities Fund, LP, Arena Special Opportunities Partners II, LP and Arena Special Opportunities Partners (Cayman Master) II, LP.

LETTER FROM THE BOARD

FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the audited consolidated financial results of the Group for the financial years ended 31 December 2021 and 31 December 2022 and the unaudited consolidated financial information of the Group for each of the six months ended 30 June 2022 and 2023, prepared in accordance with the relevant accounting principles and financial regulations applicable to the Hong Kong Financial Reporting Standards:

	For the year ended 31 December 2022 or as at 31 December 2022 <i>HK\$'000</i>	For the year ended 31 December 2021 or as at 31 December 2021 <i>HK\$'000</i>
Revenue	160,375	125,707
(Loss) Profit before taxation	5,386	(8,178)
(Loss) Profit and total comprehensive income (loss) for the year	4,898	(8,689)
Net assets	53,755	48,857
	For the six months ended 30 June 2023 or as at 30 June 2023 <i>HK\$'000</i> (Unaudited)	For the six months ended 30 June 2022 or as at 30 June 2022 <i>HK\$'000</i> (Unaudited)
Revenue	50,204	64,347
Loss before taxation	(19,417)	(1,267)
Loss and total comprehensive loss for the period	(19,262)	(1,143)
Net assets	60,353	47,714

INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the paragraphs headed “Information on the Offeror” and “Intentions of the Offeror Regarding the Group” in the “Letter from Quam Securities” as set out on pages 10 to 19 of this Composite Document. The Board is aware of the intentions of the Offeror regarding the Group and is willing to render reasonable co-operation with the Offeror which is in the interests of the Company and the Independent Shareholders as a whole. The Board is aware that the Offeror intends to continue the existing principal business of the Group but will conduct a review to formulate a long-term business strategy for the Group. The Board is also aware that (i) the Offeror has no intention to make material changes to the employment of the management and employees of the Group (except for a proposed change to the members of the Board at a time no earlier than that permitted under the GEM Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate); (ii) the Offeror has no intention to dispose of or redeploy the assets of the Group other than those in its

LETTER FROM THE BOARD

ordinary course of business; and (iii) as at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understandings or negotiation in relation to the injection of any assets or business into the Group.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Board is aware that the Offeror does not intend to avail himself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offer. The Company will, together with the Offeror, use reasonable endeavours to maintain the listing status of the Shares on the Stock Exchange and procure that not less than 25% of the entire issued share capital in the Company be held by the public in compliance with the GEM Listing Rules.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares. Therefore, it should be noted that upon close of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange. The Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. The Directors have jointly and severally undertaken to the Stock Exchange to take appropriate steps while they remain on the Board to ensure that sufficient public float exists in the Shares after the close of the Offer.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

RECOMMENDATION

The Independent Board Committee, comprising all the independent non-executive Directors, namely, Mr. To King Yan, Adam, Mr. Kwok Chee Kin and Mr. Chan Kim Sun, has been established to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and as to acceptance of the Offer. Your attention is drawn to (i) the “Letter from the Independent Board Committee” as set out on pages 28 to 29 of this Composite Document; and (ii) the “Letter from the Independent Financial Adviser” as set out on pages 30 to 51 of this Composite Document containing their respective advice and recommendation in respect of the Offer and principal factors considered by it in arriving at their recommendation.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully Appendix I to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

In considering what actions to take in connection with the Offer, you should also consider your own tax positions, if any, and in case of any doubt, consult your own professional advisers.

Yours faithfully,
On behalf of the Board of
Vision International Holdings Limited
威誠國際控股有限公司
Mr. Ko Sin Yun
Chairman and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer prepared for the purpose of inclusion in this Composite Document.



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)

24 August 2023

To the Independent Shareholders:

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
QUAM SECURITIES LIMITED FOR AND ON BEHALF
OF LAU CHI WING JAMES
TO ACQUIRE ALL OF THE ISSUED SHARES OF
VISION INTERNATIONAL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY LAU CHI WING JAMES
AND PARTIES ACTING IN CONCERT WITH HIM)**

We refer to this Composite Document dated 24 August 2023 jointly issued by the Company and the Offeror, of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in this Composite Document.

We have been appointed to constitute the Independent Board Committee to consider the terms of the Offer and to advise you (i.e. the Independent Shareholders) as to whether or not the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and to make recommendation in respect of the acceptance of the Offer. Merdeka has been appointed as the Independent Financial Adviser to make recommendation to us in respect of the terms of the Offer and, in particular, whether the Offer is fair and reasonable so far as the Independent Shareholders are concerned, and to make recommendation in respect of the acceptance of the Offer. Details of its advice and recommendation, together with the principal factors and reasons which it has considered before arriving at such recommendation, are set out in the “Letter from the Independent Financial Adviser” on pages 30 to 51 of this Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the “Letter from the Board”, the “Letter from Quam Securities” and the additional information set out in the appendices to this Composite Document.

RECOMMENDATION

Taking into account the terms of the Offer and the Independent Financial Adviser’s advice and recommendations, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Despite the above, we note that, the Shares have traded above the Offer Price since late May 2023, closing at HK\$4.65 as at the Latest Practicable Date. Accordingly, we recommend the Independent Shareholders to dispose their Shares in the open market instead of accepting the Offer if the net proceeds from such sale of Shares would be higher than the receivable under the Offer and only to accept the Offer if the Independent Shareholders (especially those with relatively sizeable shareholdings) encounter difficulties to dispose of their Shares in the open market due to the liquidity issue. In any event, the Independent Shareholders should note that there is no certainty that the current trading volume and/or current trading price level of the Shares will be sustainable during or after the Offer Period. Independent Shareholders are recommended to read the full text of the “Letter from the Independent Financial Adviser” set out in this Composite Document.

In any case, the Independent Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for advice. Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as detailed in this Composite Document and the accompanying Form of Acceptance.

Yours faithfully,
For and on behalf of
the Independent Board Committee of
Vision International Holdings Limited
威誠國際控股有限公司

Mr. To King	Mr. Kwok	Mr. Chan
Yan, Adam	Chee Kin	Kim Sun
<i>Independent</i>	<i>Independent</i>	<i>Independent</i>
<i>non-executive</i>	<i>non-executive</i>	<i>non-executive</i>
<i>Director</i>	<i>Director</i>	<i>Director</i>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from the Independent Financial Adviser setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the Offer, which has been prepared for the purpose of inclusion in this Composite Document.



Room 1108–1110, 11/F.
Wing On Centre
111 Connaught Road Central
Hong Kong

24 August 2023

*To: The Independent Board Committee and the Independent Shareholders of
Vision International Holdings Limited*

Dear Sirs or Madams,

**MANDATORY UNCONDITIONAL CASH OFFER BY
QUAM SECURITIES LIMITED FOR AND
ON BEHALF OF LAU CHI WING JAMES TO ACQUIRE ALL OF
THE ISSUED SHARES IN THE ISSUED SHARE CAPITAL OF
VISION INTERNATIONAL HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR
AGREED TO BE ACQUIRED BY LAU CHI WING JAMES AND
PARTIES ACTING IN CONCERT WITH HIM)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee in relation to the Offer, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in this Composite Document dated 24 August 2023, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in this Composite Document unless the context requires otherwise.

Background

As mentioned in the Board Letter, on 23 December 2022, the Vendor (as borrower), the Lender and Mr. Ko (as guarantor) entered into the Loan Agreement. Pursuant to the Loan Agreement, among others, (i) the Vendor requested and the Lender agreed to make available to the Vendor the Loan in the principal amount of HK\$52,500,000 at an interest rate of 8% per annum which was to be advanced by the First Drawdown of HK\$20,300,000 and the Second Drawdown of HK\$32,200,000; (ii) the Vendor charged 75,000,000 Shares, representing approximately 56.82% of the total issued share capital of the Company as at the Latest Practicable Date, to the Lender (i.e. the Share Charge) as security for the repayment of the Loan by the Vendor; and (iii) Mr. Ko provided the Personal Guarantee to the Lender to guarantee the repayment of the Loan by the Vendor. The Loan with all interest accrued thereon

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

is due and payable on 29 June 2024. Mr. Ko, through the Vendor, had taken out the Loan to support his personal affairs. The Vendor is a company wholly-owned by Mr. Ko, the chairman and an executive Director of the Company.

On 29 December 2022, the Offeror, for and on behalf of the Lender, advanced the First Drawdown to the Vendor pursuant to the Loan Agreement. On 30 May 2023, the Vendor (as borrower), the Lender and Mr. Ko (as guarantor) entered into the Supplemental Loan Agreement to amend the date for the Second Drawdown from 29 June 2023 to 30 May 2023 and the Offeror, for and on behalf of the Lender, advanced the Second Drawdown to the Vendor on the same date. The funds for the First Drawdown and Second Drawdown were contributed solely by the Offeror.

The Lender was originally incorporated as a business venture in providing financing to the Vendor, but eventually this business venture was solely undertaken by the Offeror himself without any financial contribution from other shareholders of the Lender. Except for entering into the Loan Agreement and the Supplemental Loan Agreement, the Lender has not engaged in any business activities since its incorporation. As confirmed by the Offeror, it was resolved by majority of the shareholders that the Lender shall be dissolved upon completion of the Share Transfer Agreement (i.e. settlement of the Loan).

The Share Transfer Agreement

As noted from the Board Letter, the Board has been informed that after trading hours on 10 July 2023, the Vendor and the Offeror entered into the Share Transfer Agreement, pursuant to which the Vendor conditionally agreed to sell and transfer, and the Offeror conditionally agreed to purchase, the Sale Shares free from all encumbrances for a cash Consideration of HK\$57,725,952, equivalent to approximately HK\$0.7697 per Sale Share, which will be satisfied by way of offsetting the entire principal amount of the Loan of HK\$52,500,000 (which was advanced by the Offeror, for and on behalf of the Lender, to the Vendor in the form of First Drawdown and Second Drawdown) and the interest of HK\$5,225,952 payable for the Loan term against the Consideration. The Sale Shares, being the 75,000,000 Shares under the Share Charge, represent approximately 56.82% of the total issued share capital of the Company as at the Latest Practicable Date. All the conditions under the Share Transfer Agreement have been fulfilled and Completion took place on 24 July 2023.

As mentioned in the “Letter from Quam Securities” contained in this Composite Document, prior to Completion, save for the Share Charge, the Offeror and parties acting in concert with him did not own, control or have direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately following Completion, the Offeror and parties acting in concert with him will own 75,000,000 Shares, representing 56.82% of the total issued share capital of the Company as at the Latest Practicable Date. The Offeror will therefore, subject to and upon Completion, be required under Rule 26.1 of the Takeovers Code to make an Offer for all the issued Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with him.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, the Company has 132,000,000 Shares in issue and the Company has no other outstanding Shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other relevant securities in the Company (as defined in Note 4 to Rule 22 of the Takeovers Code).

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. To King Yan, Adam, Mr. Kwok Chee Kin and Mr. Chan Kim Sun, has been established in accordance with Rule 2.1 of the Takeovers Code to advise and give a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

We, Merdeka Corporate Finance Limited, have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee in this respect and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offer pursuant to Rule 2.1 of the Takeovers Code. The appointment of Merdeka Corporate Finance Limited as the Independent Financial Adviser has been approved by the Independent Board Committee. Our role as the Independent Financial Adviser is to give our recommendation to the Independent Board Committee and the Independent Shareholders as to (i) whether the Offer is fair and reasonable so far as the Independent Shareholders are concerned; and (ii) whether the Offer should be accepted.

We are independent from and not connected with the Company, the Offeror, the Vendor, Mr. Ko, any of their respective substantial shareholders, or any party acting, or presumed to be acting, in concert with any of them. During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, save for this appointment as the Independent Financial Adviser in respect of the Offer, there were no other engagements between Merdeka Corporate Finance Limited and the Group or the Offeror. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Offeror and the Company or any of their respective substantial shareholders or any person acting, or deemed to be acting, in concert with any of them. Accordingly, we are considered eligible to give independent advice on the Offer.

BASIS OF OUR ADVICE

In formulating our advice and recommendation to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained in or referred to in this Composite Document and the information and representations as provided to us by the Directors and the management of the Company (the “**Management**”). Our review procedures include, among others, review of (i) the annual reports of the Group for the year ended 31 December 2021 (the “**2021 Annual Report**”) and 31 December 2022 (the “**2022 Annual Report**”); (ii) the interim report of the Group for the six months ended 30 June 2023 (the “**2023 Interim Report**”); (iii) this Composite Document; (iv) relevant announcements published by the Company; (v) the industry trends of the Group’s principal business; (vi) the share price performance, the trading liquidity of the Company; and (vii) comparable companies

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

to the Company. We have assumed that all information and representations that have been provided by the Directors and the Management are true, complete and accurate in all material respects at the time when they were made and up to the date throughout the Offer Period and should there be any material changes thereto, Shareholders would be notified as soon as possible in accordance with the Takeovers Code. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in this Composite Document were reasonably made after due enquiries and careful considerations.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. The Independent Shareholders will be notified of any material changes to such information provided in this Composite Document and our opinion as soon as possible. We have also assumed that all statements of opinion made by the Directors and the Management in this Composite Document were reasonably made after due enquiries and careful consideration.

The Directors have confirmed that, to the best of their information and knowledge, they believe that no material fact or information has been omitted from the information supplied and that the representations made or opinions expressed have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in this Composite Document, including this letter, misleading.

While we have taken reasonable steps to satisfy the requirements under the Takeovers Code and the GEM Listing Rules, we have not carried out any independent verification of the information, opinions or representations given or made by or on behalf of the Company or the Offeror as set out in this Composite Document, nor have we conducted an independent investigation into the business affairs or assets and liabilities of the Group or any of the other parties involved in the Offer.

We have not considered the tax and regulatory implications on the Independent Shareholders of acceptance or non-acceptance of the Offer since these depend on their individual circumstances. In particular, the Independent Shareholders who are resident overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions, and if in any doubt, should consult their own professional adviser.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Offer, and except for its inclusion in this Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Offer, we have considered the principal factors and reasons as set out below:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(i) For the six months ended 30 June 2022 and 2023

Due to global economic downturn and declining business environment, the Group's revenue recorded a decrease by approximately 21.9% from approximately HK\$64.3 million for HY2022 to approximately HK\$50.2 million for HY2023. The decrease was mainly attributable to the drop in revenue from customers in Hong Kong for apparels and related products. The sales of apparel products and health supplements products recorded approximately HK\$46.2 million and approximately HK\$4.0 million in the first half of 2023.

Gross profit of approximately HK\$3.4 million for HY2022 has changed to gross loss of approximately HK\$2.9 million in first half of 2023. However, if excluding the HK\$5.5 million one-off claim due to product quality issue, the gross profit will be HK\$2.6 million. In that case, gross profit margin remained relatively stable at approximately 5.3% for HY2022 and approximately 5.2% for HY2023, respectively.

The loss of the Group for HY2023 amounted to approximately HK\$19.3 million while loss for HY2022 was approximately HK\$1.1 million. The loss incurred for HY2023 is mainly attributable to the combined effect of (i) the decrease in gross profit of apparel and related products due to the decrease in sales revenue and an one-off goods claim from an apparel client regarding the products supplied; and (ii) the increase in administrative expenses due to the distribution of bonuses as remuneration.

As illustrated above, the net assets of the Group increased by approximately 12.3% from approximately HK\$53.8 million as at 31 December 2022 to approximately HK\$60.4 million as at 30 June 2023.

(ii) For the year ended 31 December 2021 and 2022

For FY2022, the Group recorded a revenue of approximately HK\$160.4 million, showing an increase of approximately 27.6% as compared to revenue of approximately HK\$125.7 million for FY2021. As mentioned in the 2022 Annual Report, such increase was mainly driven by the increased revenue from the sales of apparel and related products to Hong Kong and Macao customers.

The gross profit was approximately HK\$10.3 million and approximately HK\$13.5 million for FY2021 and FY2022, respectively. The gross profit margin of the Group remained relatively stable at approximately 8.2% for FY2021 in comparison to approximately 8.4% for FY2022.

The profit attributable to owners of the Group for FY2022 was HK\$4.9 million, while the Group recorded a loss attributable to owners of the Group of approximately HK\$8.7 million for FY2021. As mentioned in the 2022 Annual Report, such change in the Group's profitability was mainly attributable to the combined effect of (i) the increase in gross profit due to the increase in revenue; (ii) the decrease in the net change in allowance for expected credit losses; and (iii) the decrease in selling and distribution expenses.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As illustrated above, the net assets of the Group increased by approximately 10.0% from approximately HK\$48.9 million as at 31 December 2021 to approximately HK\$53.8 million as at 31 December 2022.

(iii) For the year ended 31 December 2020 and 2021

The Group's revenue increased by approximately 35.4% from approximately HK\$92.8 million for FY2020 to approximately HK\$125.7 million for FY2021. As disclosed in 2021 Annual Report, the increase was mainly attributable to the increased revenue from (i) the customers in Hong Kong and Macao for apparel and related products; and (ii) agency fees income of the customers in Cambodia for construction and related materials.

The gross profit of the Group was approximately HK\$16.0 million and approximately HK\$10.3 million for FY2020 and FY2021, respectively. The gross profit margin decreased from approximately 17.2% for FY2020 to approximately 8.2% for FY2021, which was mainly attributable to the decrease in gross profit margin of the apparel and related products business due to the pessimistic sentiment on the global retail markets, which made the Group's customers tend to make orders with lower average selling prices that led to a tumble in the gross profit margin.

The loss attributable to owners of the Group for FY2021 was approximately HK\$8.7 million, while the Group recorded a profit attributable to owners of the Group of approximately HK\$2.6 million for FY2020. As disclosed in 2021 Annual Report, such decrease was mainly attributable to (i) the increase in the net change in allowance for expected credit losses; and (ii) the decrease in gross profit as explained above.

As illustrated above, the net assets of the Group decreased by approximately 15.1% from approximately HK\$57.6 million as at 31 December 2020 to approximately HK\$48.9 million as at 31 December 2021.

2. Background and intention of the Offeror

(a) Background information of the Offeror

As stated in the "Letter from Quam Securities", the Offeror, aged 74, has more than 50 years of experience in the apparel industry. The Offeror was a former director of South Season Industrial Company Limited, a company incorporated in Hong Kong and principally engaged in import and export business of garment and a former director of Actex Textiles Limited, a company incorporated in Hong Kong and principally engaged in garment manufacturing. Throughout his career in the apparel industry, the Offeror has accumulated extensive experience in the management, operation and administration of garment factory as well as import and export businesses of garment and apparel. The Offeror is currently the sole shareholder and sole director of Actex International Limited, a company incorporated in Hong Kong with limited liability which is principally engaged in the sale of garment and apparel.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered the background of the Offeror and depending on the business plans and strategies of the Group to be introduced by the Offeror (if any), there may be potential synergy effects to the Company's existing principal business and future prospect.

(b) Intention of the Offeror in relation to the Group

As set out in the "Letter from Quam Securities", as at the Latest Practicable Date, the Offeror is the controlling Shareholder of the Company and is interested in 56.82% of the total issued share capital of the Company.

The Group is principally engaged in the sales of apparel and related products with the provision of supply chain management services and provision of agency services for construction and related materials.

The intention of the Offeror is that the Company's existing principal business activities will be maintained and continued after completion of the Offer. The Offeror confirms that there is no intention to further expand and/or divest the existing businesses of the Company during the Offer Period and after the end of the Offer Period unless appropriate opportunities arise. The Offeror will conduct a review of the existing principal businesses, operations, financial position, investments, proposed investments of the Group for the purpose of formulating long-term business plans and strategies for the future business development of the Group. Leveraging the Offeror's experience, industry knowledge and network in the apparel industry, the Offeror intends to leverage the synergies between the Offeror and the Group to explore related business opportunities in the future.

Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalization, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. As at the Latest Practicable Date, no investment or business opportunity has been identified nor have the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group. As at the Latest Practicable Date, the Offeror and/or the Company has no intention nor have the Offeror and/or the Company entered into any negotiation, agreement, arrangement and understanding (concluded or otherwise) about disposal of or downsizing of any assets or business of the Group. Should such corporate actions materialise, further announcement(s) will be made in accordance with the GEM Listing Rules.

The Offeror intends to continue the employment of the existing management and employees of the Group (except for a proposed change to the members of the Board at a time no earlier than that permitted under the GEM Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Offeror intends to nominate new director(s) to the Board with effect from a date which is no earlier than such date as permitted under the GEM Listing Rules and the Takeovers Code or such later date as the Offeror considers to be appropriate. Any changes to the members of the Board will be made in compliance with the Takeovers Codes and/or the GEM Listing Rules and further announcement(s) will be made as and when appropriate.

Save for the Offeror's intention regarding the Group as set out above, (i) the Offeror has no intention to make material changes to the employment of the management and employees of the Group (except for a proposed change to the members of the Board at a time no earlier than that permitted under the GEM Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate); and (ii) the Offeror has no intention to dispose of or redeploy the assets of the Group other than those in its ordinary and usual course of business.

Despite the Offeror has experience in similar business of the Group as mentioned above, taking into consideration that (i) though the Offeror intends to nominate new Director(s) to the Board, the Offeror has not identified any personnel for the purpose of appointment as at the Latest Practicable Date; (ii) it is unknown whether the new Director(s) to be appointed has sufficient experience in managing the Group's business; and (iii) the Offeror has yet to formulate a long-term business strategy for the Group, we are of the view that there is uncertainty on the future performance of the Group upon completion of the Offer.

3. Industry overview and outlook

As disclosed in the 2022 Annual Report, the Group's revenue is mainly derived from the sales of apparel and related products with the provision of supply chain management services in Hong Kong, Macao and Germany, which accounts for approximately 99.84% of total revenue of the Group for FY2022.

Making reference to an article dated 3 May 2023 in relation to clothing industry in Hong Kong published by the Research Team of Hong Kong Trade Development Council (the "HKTDC") on its official website, the Covid-19 disruptions to cross-boundary logistics shrank Hong Kong's clothing exports significantly in 2022, Hong Kong's clothing exports in 2021 remained 44% below the comparable pre-pandemic performance in 2019, thanks largely to the lingering supply chain disruptions and uncertainty as to whether transshipment from the mainland will resume. Sales to the US market, which is the primary destination of Hong Kong's clothing exports, shrank by 36% year-on-year in 2022, after registering a 11% gain last year. Mainland China, on the other hand, came second with a 6% sales decrease in 2022. Exports to other major markets remained below their pre-pandemic levels. Despite aforesaid disruptions to cross-boundary logistics caused by the Covid-19, HKTDC considers that the clothing exports in Hong Kong are expected to resume growth as border control and other Covid-related restrictions have been lifted in both Hong Kong and Mainland China. With that being said, HKTDC holds a conservative and cautious view on the recovery of Hong Kong's clothing industry as HKTDC believes that the global supply chain disruptions in the face of geopolitical risks can cast shadow on the clothing industry's path to full recovery.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As to the clothing industry in Macao, we conducted research on Macao's historical retail sales figures by making reference to value of retail sales by principal activity announced by the Statistics and Census Service of the Government of Macao Special Administrative Region. We noted that the value of retail sales by adult's clothing was approximately MOP 8,678 million in 2017 and reached its peak for the past six years of approximately MOP10,147 million in 2018. However, due to the outbreak of the Covid-19, the level of annual value of retail sales by adult's clothing fluctuated afterwards and reached its lowest level for the past six years of approximately MOP4,143 million in 2022, which was approximately 53.2% less than the pre-pandemic level of approximately MOP8,878 million in 2019. According to the latest published data, the value of retail sales of adults' clothing in the first quarter in 2023 amounted to approximately MOP1,872 million, representing a decrease of approximately 26.0% as compared to the pre-pandemic level of approximately MOP2,528 million in 2019.

Furthermore, we understood from an updated world economic outlook report, namely "Near-term Resilience, Persistent Challenges", published by International Monetary Fund ("IMF") in July 2023 (the "**July 2023 Report**") that the global recovery is slowing amid widening divergences among economic sectors and regions. IMF updated its forecast on the global growth in the July 2023 Report that the global growth would fall from an estimated 3.5 % in 2022 to 3.0% in both 2023 and 2024, and remains weak by historical standards despite the updated forecast for 2023 is modestly higher than predicted in IMF's April 2023 World Economic Outlook (the "**April 2023 Report**"). In addition, as updated in the July 2023 Report, IMF also cuts its outlook for Germany with an updated forecast of a 0.3% contraction in 2023 versus a 0.1% contraction in the April 2023 Report, indicating Germany's economy will remain muted in the near term.

Having considered that (i) the pathway to recover for Hong Kong's clothing industry is enveloped with uncertainties due to the geopolitical risks raised by global supply chain disruptions; (ii) the retail sales of adults' clothing in Macao have yet to regain their pre-pandemic momentum, indicating a slow revival of consumer activity; and (iii) the pace of Germany's recovery remains slow, which could continue to influence the local apparel sector adversely, we concur with the Directors' view that the forthcoming apparel industry environment would still remain challenging in the near to medium term.

4. Principal terms of the Offer

Quam Securities, is making the Offer for and on behalf of the Offeror to all the Independent Shareholders for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with him) on the following basis:

For each Offer Share HK\$2.18 in cash

The Offer Price is HK\$2.18 per Offer Share. As at the Latest Practicable Date, the Lender is owned as to 40.0% by the Offeror, 20.1% by Ms. Choi Man Yun Marian, 13.3% by Ms. Kong Lai Ying, 13.3% by Mr. Chen Man Lung and 13.3% by Ms. Chung Tung Lai Fiona. The Offeror is considered to be acting in concert with the other shareholders of the Lender under the Takeovers Code.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In anticipation of the requirement to make the Offer after signing of the Share Transfer Agreement, the Offeror has, for prudence's sake, made enquiries with all other shareholders of the Lender as to any dealings in the Shares by them and/or their associates during the six months prior to the commencement of the Offer Period. In this regard, Ms. Kong Lai Ying (“**Ms. Kong**”) who holds 13.3% of the issued share capital of the Lender indicated that her son had acquired certain Shares during the six months prior to the commencement of the Offer Period and the highest price paid was HK\$2.18 per Share. Although the funds for the First Drawdown and Second Drawdown were contributed solely by the Offeror and Ms. Kong's son is not a party acting in concert with the Offeror in relation to the Lender or the Company, the Offeror has considered the need to ensure the perception of fair and equal treatment to all Shareholders, and hence decided to make the Offer at the price of HK\$2.18 per Offer Share, instead of the price he would pay for each Sale Share (i.e. HK\$0.7697).

Under the terms of the Offer, the Offer Shares to be acquired under the Offer shall be fully paid and free from all encumbrance and together with all rights and benefits attached thereto, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document. As at the Latest Practicable Date, none of the dividends declared by the Company remained unpaid. The Company confirms that it does not intend to declare any dividends during the Offer Period. The Offer is unconditional in all respects. Acceptance of the Offer tendered by the Independent Shareholders shall be unconditional and irrevocable once given and cannot be withdrawn except in circumstances set out in Rule 19.2 of the Takeovers Code.

4.1 Analysis on the Offer Price

The Offer Price of HK\$2.18 per Offer Share represents:

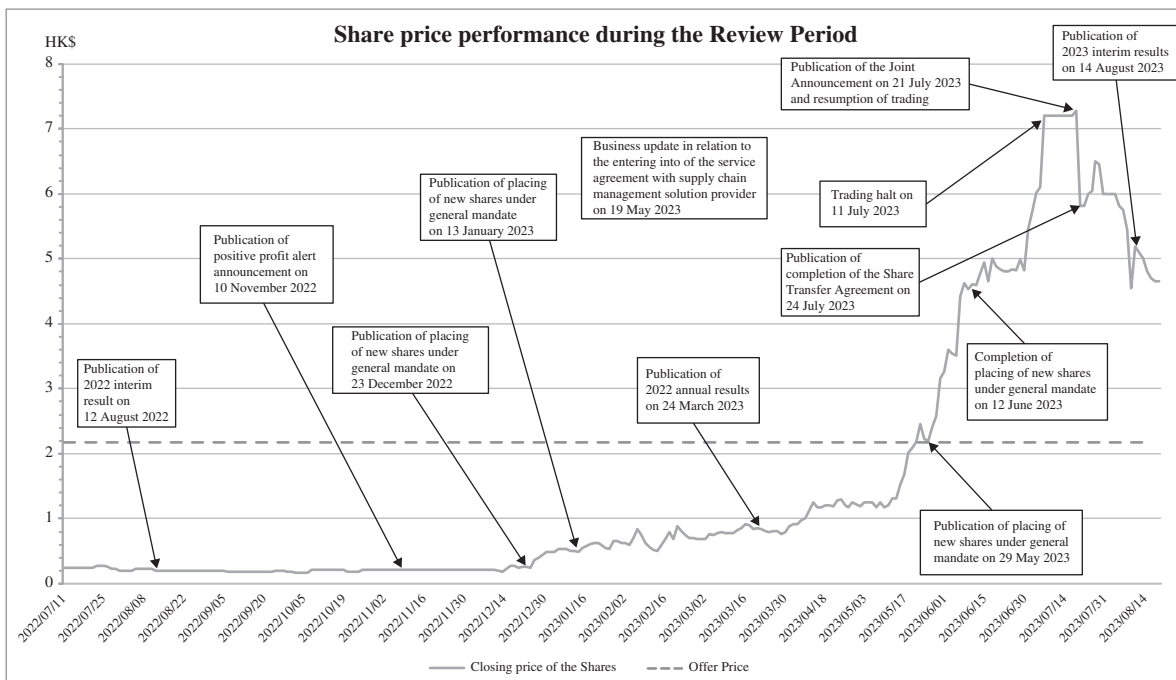
- (i) a discount of approximately 53.12% to the closing price of HK\$4.65 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 69.72% to the closing price of HK\$7.20 per Share as quoted on the Stock Exchange on 10 July 2023, being the Last Trading Day;
- (iii) a discount of approximately 64.26% to the average closing price of approximately HK\$6.10 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 60.22% to the average closing price of approximately HK\$5.48 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days immediately prior to and including the Last Trading Day;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (v) a discount of approximately 51.77% to the average closing price of approximately HK\$4.52 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 435.36% over the net asset value per Share of approximately HK\$0.4072 as at 31 December 2022, (based on a total of 132,000,000 Shares in issue as at the Latest Practicable Date and the audited consolidated net assets value attributable to the owners of the Company of approximately HK\$53,755,000 as at 31 December 2022); and
- (vii) a premium of approximately 376.82% over the unaudited consolidated net assets value attributable to the owners of the Company per Share of approximately HK\$0.4572 as at 30 June 2023 (based on a total of 132,000,000 Shares in issue as at the Latest Practicable Date and the audited consolidated net assets value attributable to the owners of the Company of HK\$60,353,000 as at 30 June 2023).

4.2 Historical performance of the Shares

Set out below is the chart showing the daily closing price of the Shares as quoted on the Stock Exchange during the period commencing from 10 July 2022, being the twelve-month period prior to the Last Trading Day, up to and including the Latest Practicable Date (the “**Review Period**”).



Source: the website of the Stock Exchange (www.hkex.com.hk)

Note: The trading of the Shares on the Stock Exchange was suspended at 9:00 a.m. on 11 July 2023 pending the release of the Joint Announcement. Trading of the Shares on the Stock Exchange was resumed at 1:00 p.m. on 21 July 2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have reviewed the movements in the closing price of the Shares for the Review Period. We consider that the length of the Review Period to be reasonably long enough to illustrate the relationship between the historical trend of the closing price of the Shares and the Offer Price.

As illustrated above, it is noted that the Offer Price of HK\$2.18 has been above the historical closing prices of the Shares during the majority of the Review Period. The lowest and highest closing price of the Shares during the Review Period were HK\$0.163 per Share recorded on 30 September 2022 and 3 October 2022 respectively, and HK\$7.28 per Share recorded on 21 July 2023, as quoted on the Stock Exchange. The average daily closing price of the Shares during the Review Period is approximately HK\$1.538 per Share. The Offer Price of HK\$2.18 per Share represents (i) approximately 13.37 times over the lowest closing price of HK\$0.163 per Share; (ii) a discount of approximately 70.05% to the highest closing price of HK\$7.28 per Share; and (iii) a premium of approximately 41.74% over the average daily closing price of approximately HK\$1.538 per Share during the Review Period.

Pre-Announcement Period

During the period under review from 10 July 2022 to 10 July 2023 (being the Last Trading Day) (the “**Pre-Announcement Period**”), the closing prices of the Shares experienced an overall upward trend and reached the highest level on 10 July 2023. The lowest and highest closing price of the Shares during the Pre-Announcement Period were HK\$0.163 per Share recorded on 30 September 2022 and 3 October 2022, and HK\$7.20 per Share recorded on 10 July 2023, respectively as quoted on the Stock Exchange. The Offer Price of HK\$2.18 per Share represents (i) approximately 13.37 times over the lowest closing price of HK\$0.163 per Share; (ii) a discount of approximately 69.72% to the highest closing price of HK\$7.20 per Share; and (iii) approximately 2.15 times over the average daily closing price of approximately HK\$1.014 per Share during the Pre-Announcement Period.

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As demonstrated above, the Share price from 10 July 2022 to mid of May 2023 has demonstrated an overall steady upward trend. Nevertheless, there are observable fluctuations in the Share prices (i) from HK\$0.25 per Share on 23 December 2022 to HK\$0.37 per Share on 28 December 2022, which represents an approximately 48.0% increase in the closing price of the Shares; (ii) from HK\$0.79 per Share on 31 March 2023 to HK\$1.25 per Share on 14 April 2023, with an accumulated increase of approximately 58.2%; (iii) HK\$1.31 per Share on 16 May 2023 to HK\$2.45 per Share on 24 May 2023, with an accumulated increase of approximately 61.2%; (iv) from HK\$2.2 per Share on 29 May 2023 to HK\$3.6 per Share on 5 June 2023, which represents an accumulated increase of approximately 63.6% increase in the closing price of the Shares; (v) from HK\$3.51 per Share on 7 June 2023 to HK\$4.62 per Share on 9 June 2023, which represents an increase of approximately 31.6%; and (vi) from HK\$4.82 per Share on 3 July 2023 to HK\$7.2 per Share on 10 July 2023, which represents an increase of approximately 49.4%. We have observed that the Company (i) published an announcement in relation to proposed placing of an aggregate of 20,000,000 new Shares under the general mandate on 23 December 2022, which completed on 13 January 2023; (ii) announced its annual results for FY2022 on 24 March 2023; (iii) published a voluntary announcement dated 19 May 2023 regarding the entering into a service agreement with a supply chain management solution provider for a term ending on 19 May 2026; and (iv) published an announcement in relation to the placing of 12,000,000 new Shares under general mandate on 29 May 2023, which completed on 12 June 2023. We have made enquired with the Management and were advised that save for the publication of announcements of the Company as described above, the Directors were not aware of any specific reasons which may have an impact of the fluctuations of Share prices during the Pre-Announcement Period.

Post-Announcement Period

During the period after the publication of the Joint Announcement up to and including the Latest Practicable Date (the “**Post-Announcement Period**”), the lowest and highest closing price of the Shares as quoted on the Stock Exchange were HK\$4.55 per Share on 10 August 2023 and HK\$7.28 per Share on 21 July 2023 respectively. The Offer Price of HK\$2.18 per Share represents (i) a discount of approximately 52.09% to the lowest closing price of HK\$4.55 per Share during the Post-Announcement Period; (ii) a discount of approximately 70.05% to the highest closing price of HK\$7.28 per Share during the Post-Announcement Period; and (iii) a discount of approximately 61.18% to the average closing price of approximately HK\$5.616 per Share during the Post-Announcement Period.

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4.3 Historical trading volume of the Shares

Set out below is the chart showing the daily trading volumes of the Shares on the Stock Exchange during the Review Period:

Table: Trading volume of the Shares during the Review Period

Month/Period <i>(Notes 1 and 4)</i>	Total trading volume of Shares for month/period	Number of trading days during the month <i>(days)</i>	Average daily trading volume of the Shares for month/period	Percentage of average daily trading volume to total Shares in issue as at the Latest Practicable Date <i>(Note 2)</i> <i>Approximate</i> <i>(%)</i>	Percentage of average daily trading volume to total number of Shares held by public Shareholders as at the Latest Practicable Date <i>(Note 3)</i> <i>Approximate</i> <i>(%)</i>
2022					
10 July to 31 July	129,000	15	8,600	0.007%	0.024%
August	149,000	23	6,478	0.005%	0.018%
September	76,000	21	3,619	0.003%	0.010%
October	80,000	20	4,000	0.003%	0.011%
November	7,000	22	318	0.00024%	0.001%
December	4,234,000	20	211,700	0.160%	0.588%
2023					
January	4,005,000	18	222,500	0.169%	0.618%
February	8,082,000	20	404,100	0.306%	1.123%
March	8,039,000	23	349,522	0.265%	0.971%
April	5,651,000	17	332,412	0.252%	0.923%
May	14,201,000	21	676,238	0.512%	1.878%
June	23,414,000	21	1,114,952	0.845%	3.097%
1 July to 10 July (i.e. the Last Trading Day)	8,471,000	6	1,411,833	1.070%	3.922%
21 July to 31 July	1,403,000	7	200,429	0.152%	0.557%
1 August up to and including the Latest Practicable Date (i.e. 21 August 2023)	1,624,000	15	108,267	0.082%	0.301%

Source: the website of the Stock Exchange (www.hkex.com.hk)

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Notes:

1. The Review Period commenced on 11 July 2022.
2. Based on 132,000,000 Shares in issue during the Review Period.
3. Based on 36,000,000 Shares held by the public Shareholders during the Review Period.
4. The trading of the Shares on the Stock Exchange was suspended at 9:00 a.m. on 11 July 2023 pending the release of the Joint Announcement. Trading of the Shares on the Stock Exchange was resumed at 1:00 p.m. on 21 July 2023.

As illustrated above, the average daily trading volume of the Shares as a percentage of the total number of the Shares in issue as at the Latest Practicable Date ranged from approximately 0.00024% in November 2022 to approximately 1.070% recorded for a period from 1 July to the Last Trading Day, with an average daily trading volume throughout the whole Review Period of approximately 0.256% of the total issued Shares as at the Latest Practicable Date. If only Shares held by public Shareholders (the “**Free Float Shares**”) are considered in calculating the percentage of average daily trading volume of the Shares per month during the Review Period, the average trading volume of the Free Float Shares during the Review Period ranged from approximately from approximately 0.001% in November 2022 to approximately 3.922% recorded for a period from 1 July to the Last Trading Day, with an average daily trading volume throughout the whole Review Period of approximately 0.936% of the total number of Free Float Shares as at the Latest Practicable Date. Therefore, the trading volume of the Shares was thin during the Review Period and illiquid in the open market.

During the month of June 2023 and the Pre-Announcement Period in early July 2023, we noted that the average trading volume of the Share had increased to approximately 3.097% and 3.922% of the total Free Float Shares, which were relatively high as compared to that of the rest of the other months ranging from approximately 0.001% to approximately 1.878% during the whole Review Period. We have reviewed the announcements published by the Company on the Stock Exchange during the month of June 2023 and the Pre-Announcement Period in early July 2023, and we consider that the relatively higher average trading volume is likely primarily attributable to the publication of an announcement regarding the placing of new shares under general mandate.

Given the overall thin historical trading volume of the Shares, the Independent Shareholders may find it difficult to dispose of a large volume of Shares in the open market in a short period of time without exerting downward pressure on the Shares price. Accordingly, the market trading price of the Shares may not necessarily reflect the proceeds that the Independent Shareholders can receive through the disposal of their Shares in the open market and therefore, the Offer provides a viable alternative exit for the Independent Shareholders, particularly for those who hold a large volume of Shares, to realise their investments in the Company.

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Having considered that (i) the overall price performance of the Shares during the Review Period; (ii) the Offer Price has been trading higher than the historical trading prices of the Shares during the majority of the Review Period; (iii) the Offer Prices represents (a) a premium of approximately 435.36% over the net asset value per Share of approximately HK\$0.4072 as at 31 December 2022 and (b) a premium of 376.82% over the unaudited net asset value per Share of approximately HK\$0.4572 as at 30 June 2023; (iv) despite the Shares have been traded above the Offer Price since late May 2023, there is no guarantee on whether the trading price of the Shares could be sustained at a level higher than the Offer Price during and/or after the Offer Period; (v) the trading volume of the Shares was generally thin for the majority of the Review Period; and (vi) the uncertainties associated with the prospects of the Group as discussed in the sections headed “3. Industry overview and outlook” above, we are of the view that the Offer represents an opportunity for the Independent Shareholders, particularly for those who hold a relatively large volume of the Shares, to dispose of part or all of their Shares at the Offer Price if they so wish to. The Independent Shareholders who wish to realise their investments in the Group are reminded that they should carefully and closely monitor the market price of the Shares during the Offer Period.

Independent Shareholders should note that the information set out above is not an indicator of the future performance of the Shares, and that the closing price of the Shares may increase or decrease during the period between the Latest Practicable Date and the close of the Offer.

4.4 Comparable Analysis

In order to further assess the fairness and reasonableness of the Offer Price, we have considered the price-to-earnings ratio (the “**P/E Ratio**”), which is the commonly adopted valuation benchmark for valuation of companies. However, given that each Comparable Company (defined as below) reported consolidated net loss attributable to the Shareholders for its respective latest full financial year, we are unable to conduct the comparison on P/E Ratio analysis amongst the Company the Comparable Companies. We therefore considered the use of the price-to-revenue ratio (the “**P/S Ratio**”) and the price-to-book ratio (the “**P/B Ratio**”) in our market comparable analysis as reference.

Based on the Offer Price of HK\$2.18 per Share and the total number of issued Shares of 132,000,000 as at the Latest Practicable Date, the Company is valued at HK\$287,760,000. The P/S Ratio and P/B Ratio of the Company implied by the Offer Price is approximately 1.79 times (the “**Implied P/S Ratio**”) and approximately 4.77 times (the “**Implied P/B Ratio**”) respectively based on the latest audited consolidated revenue for FY2022 of approximately HK\$160,375,000 and unaudited net asset values of the Group of approximately HK\$60,353,000 as at 30 June 2023 as extracted from the 2022 Annual Report and the 2023 Interim Report, respectively.

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We have attempted to identify the comparable companies which are (i) listed on the GEM of the Stock Exchange; and (ii) principally engaged in the sales of apparel and related products and/or the provision of apparel supply chain management services, with over 70% of total revenue for latest full financial year being generated from the aforesaid businesses which is comparable with the principal business of the Group. Based on the above selection criteria, we have identified 6 comparable companies (the “**Comparable Companies**”) which are exhaustive based on our research on the website of the Stock Exchange and financial analytical software Factset in accordance with the above criteria. Notwithstanding that four of the Comparable Companies have market capitalisation of less than HK\$100 million as at the Last Trading Day while the implied market capitalisation of the Company represented by the Offer Price would be HK\$287.76 million, we have included the four Comparable Companies to serve as general reference as to the valuation of the Company based on P/B Ratio and P/S Ratio analysis in order to ensure that we have a meaningful number of Comparable Companies. Details of our analysis are listed below:

Table: P/B Ratio and P/S Ratio of the Comparable Companies

No	Company name (Stock code)	Principal activities	Market capitalization (HK\$'000) (Note 1)	Revenue (HK\$'000)	Net asset (HK\$'000)	P/B Ratio (times) (Note 2)	P/S Ratio (times) (Note 3)
1	Wealth Glory Holdings Limited (08269.HK)	The group is principally engaged in (i) the trading of natural resources and commodities; (ii) development and promotion of brands, design, manufacture and sale of trendy fashion merchandises and other consumer products; (iii) investment in securities; and (iv) money lending business.	123,810.47	48,179	41,530	2.98	2.57
2	Ocean Star Technology Group Limited (08297.HK)	The group is mainly engaged in (i) designing, manufacturing and sales of lingerie products; (ii) the provision of beauty services in Hong Kong; (iii) provision of social influencers agency services through an online platform; and (iv) money lending business.	318,150.00	44,689	13,212	24.08	7.12
3	Mansion International Holdings Limited (08456.HK)	The group is principally engaged in the sale of baby and children garments.	42,516.47	78,437	10,449	4.07	0.54
4	i.century Holding Limited (08507.HK)	The group is principally engaged in provision of apparel supply chain management services.	41,200.00	149,745	33,724	1.22	0.28
5	ST International Holdings Company Limited (08521.HK)	The group is principally engaged in the provision of functional knitted fabrics in the PRC. The products are primarily sold directly to (i) lingerie and apparel brand owners; (ii) sourcing agents; and (iii) garment manufacturers.	87,360.00	101,100	121,946	0.72	0.86

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No	Company name (Stock code)	Principal activities	Market capitalization (HK\$'000) (Note 1)	Revenue (HK\$'000) (Note 4)	Net asset (HK\$'000) (Note 4)	P/B Ratio (times) (Note 2)	P/S Ratio (times) (Note 3)
6	Zhejiang Yongan Rongtong Holdings Co., Ltd (08211.HK)	The group is principally engaged in (i) the manufacture and sale of woven fabrics; and (ii) the provision of woven fabrics subcontracting services.	19,020.00	86,108	177,895	0.11	0.22
					Maximum	24.08	7.12
					Minimum	0.11	0.22
					Average	5.53	1.93
					Median	2.10	0.55
	The Company (08107.HK)	The Group is principally engaged in the sales of apparel and related products with the provision of supply chain management services and provision of agency services for construction and related materials.	287,760.00 (Note 5)	160,375	60,353	4.77	1.79

Source: The website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. The market capitalisation of the Comparable Companies was calculated based on the closing share prices and the total issued shares of the Comparable Companies as at the Last Trading Day.
2. The P/B Ratio was based on the then market capitalisation of the Comparable Companies as at the Last Trading Day, divided by the net asset value attributable to the shareholders of the Comparable Companies as stated in their respective latest available annual reports or interim reports.
3. The P/S Ratio was based on the then market capitalisation of the Comparable Companies as at the Last Trading Day, divided by the revenue of the Comparable Companies as stated in their respective latest available annual reports.
4. For illustration purpose, RMB has been translated into HK\$ at the exchange rate of RMB1 to HK\$1.09.
5. The market capitalisation of the Company is computed based on the Offer Price and the total number of Shares in issue as at the Latest Practicable Date.

As illustrated in the table set out above, the P/B Ratio of the Comparable Companies ranged from approximately 0.10 time to approximately 24.08 times, with an average of 5.53 times and median of approximately 2.10 times. Accordingly, the Implied P/B Ratio of approximately 4.77 times is (i) within the range of P/B Ratio of the Comparable Companies; and (ii) slightly lower than the average but higher than the median of the P/B Ratio of the Comparable Companies.

Furthermore, the P/S Ratio of the Comparable Companies ranged from approximately 0.22 time to approximately 7.12 times, with an average of 1.93 times and median of approximately 0.70 time. The Implied P/S Ratio of approximately

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1.79 times is (i) within the P/S Ratio of the Comparable Companies; and (ii) slightly lower than the average but higher than the median of the P/S Ratio of the Comparable Companies.

Having taken into account that (i) the Implied P/B Ratio, calculated based on the Offer Price is within the industry range and higher than the median of the Comparable Companies; (ii) the Implied P/S Ratio, calculated based on the Offer Price is within the industry range and higher than the median of the Comparable Companies; and (iii) each of the Implied P/B Ratio and Implied P/S Ratio is higher than the respective ratio of most of the Comparable Companies, we consider that the Offer Price reflects a more favourable price when compared to most of the Comparable Companies in this respects, and hence is fair and reasonable so far as the Independent Shareholders are concerned.

5. Public float and maintaining the listing status of the Company

As stated in the “Letter from Quam Securities” contained in this Composite Document, the Offeror will, together with the Company, use reasonable endeavours to maintain the listing status of the Shares on the Stock Exchange and procure that not less than 25% of the entire issued share capital in the Company be held by the public in compliance with the GEM Listing Rules.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares. Therefore, it should be noted that, upon close of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange. The Offeror and the new directors to be appointed to the Board of the Company will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

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RECOMMENDATION

Having considered the abovementioned principal factors and reasons set out in this letter, in particular:

- (a) the uncertain and challenging environment in the apparel industry in the near to medium term as mentioned in the above section headed “3. Industry overview and outlook”;
- (b) the Offer Price of HK\$2.18 has been above the historical closing prices of the Shares during the majority of the Review Period and represents a premium of approximately 435.36% over the net asset value per Share of approximately HK\$0.4072 as at 31 December 2022, and a premium of approximately 376.82% over unaudited net asset value per Share of approximately HK\$0.4572 as at 30 June 2023, and there is no guarantee on whether the trading price of the Shares could be sustained at a level higher than the Offer Price during and/or after the Offer Period;
- (c) the trading volume of the Shares was thin during the Review Period and thus it is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of the Shares in the open market without depressing the Share price; and accordingly, the market trading price of the Shares may not necessarily reflect the proceeds that the Independent Shareholders can receive by the disposal of their Shares in the open market; and
- (d) the Implied P/S Ratio of 1.79 times is within range of the Comparable Companies (i.e. a minimum P/S Ratio of 0.22 time to a maximum P/S Ratio of 7.12 times) and the Implied P/B Ratio of 4.77 times is within the range of the Comparable Companies (i.e. a minimum P/B Ratio of 0.11 time to a maximum P/B Ratio of 24.08 times) and each of the Implied P/B Ratio and the Implied P/S Ratio is higher than the respective ratio of most of the Comparable Companies, indicating the Offer Price reflects a more favourable price as compared to most of the Comparable Companies based on comparable analysis,

we are of the opinion that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned.

Despite the above, we note that, the Shares have traded above the Offer Price since late May 2023, closing at HK\$4.65 as at the Latest Practicable Date. As such, we recommend to the Independent Board Committee to advise the Independent Shareholders to dispose of their Shares in the open market instead of accepting the Offer if the net proceeds from such sale of Shares would be higher than the receivable under the Offer, and only to accept the Offer if the Independent Shareholders (especially those with relatively sizeable shareholdings) encounter difficulties to dispose of their Shares in the open market due to the liquidity issue. In any event, the Independent Shareholders should note that there is no certainty that the current trading volume and/or current trading price level of the Shares will be sustainable during or after the Offer Period.

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As noted from “Letter from Quam Securities”, the Offeror has more than 50 years experience in the apparel industry and the Offeror intends to nominate new Directors to the Board, as such the Independent Shareholders who do not accept the Offer may benefit from the new management and/or new business opportunities to be explored by the Offeror for the Group. However, given that any potential future plans may or may not be realised, the Independent Shareholders who do not accept the Offer will still be subject to the uncertainties on the future prospects of the Group’s business.

Yours Faithfully,
For and on behalf of
Merdeka Corporate Finance Limited
Wallace So
Managing Director

Mr. Wallace So is a Responsible Officer under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has over 10 years of experience in corporate finance.

1. GENERAL PROCEDURES FOR ACCEPTANCE OF THE OFFER

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Offer, by post or by hand, to the Registrar, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong in an envelope marked “**Vision International Holdings Limited — Offer**” as soon as possible but in any event so as to reach the Registrar no later than 4:00 p.m. on the Closing Date.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares, you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Offer with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked “**Vision International Holdings Limited — Offer**” the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Offer to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked “**Vision International Holdings Limited — Offer**” the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Offer to the Registrar; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise

HKSCC Nominees Limited to accept the Offer on your behalf in respect of the number of Shares for which you intend to accept the Offer on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be duly completed, signed and delivered in an envelope marked "**Vision International Holdings Limited — Offer**" to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares should be forwarded to the Registrar as soon as possible thereafter. If you have lost the share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed and signed in accordance with the instructions given, should be provided to the Registrar.
- (d) If you have lodged transfer of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope marked "**Vision International Holdings Limited — Offer**" to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror and/or Quam Securities and/or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

- (e) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar no later than 4:00 p.m. on the Closing Date and the Registrar has recorded that the acceptance and the relevant documents as required under this paragraph have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Offer and, if that/those share certificate(s) is/are not in your name, such other document(s) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Independent Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (f) If the Form of Acceptance is executed by a person other than the registered Independent Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.
- (g) In Hong Kong, seller's ad valorem stamp duty for transfer of Shares registered in the seller's name by the Company through the Registrar arising in connection with acceptance of the Offer payable by the relevant Independent Shareholders at a rate of 0.13% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Shareholders on acceptance of the Offer. The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of accepting Independent Shareholders and pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (h) No acknowledgement of receipt of any Form of Acceptance and/or share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offer has previously been revised or extended, with the consent of the Executive, in accordance with the Takeovers Code, the Form of Acceptance must be received by the Registrar no later than 4:00 p.m. on the Closing Date in accordance with the instructions printed on the Form of Acceptance, and the Offer will be closed on the Closing Date.

- (b) The Offeror and the Company will jointly issue an announcement through the websites of the Stock Exchange and the Company no later than 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been extended, revised or has expired.
- (c) In the event that the Offeror decides to extend the Offer, at least 14 days' notice by way of announcement will be given, before the latest time and date for acceptance of the Offer, to those Independent Shareholders who have not accepted the Offer.
- (d) If the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer will be entitled to accept the revised Offer under the revised terms. The revised Offer must be kept open for at least 14 days following the date on which the revised offer document is posted.
- (e) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent Closing Date of the Offer so extended.

3. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares whose investments are registered in nominee names to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

4. ANNOUNCEMENTS

- (a) As required under Rule 19 of the Takeovers Code, by 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement in accordance with the requirements of the GEM Listing Rules by 7:00 p.m. on the Closing Date stating whether the Offer has been extended, revised or has expired. Such announcement must state the followings:
 - (i) the total number of Shares and rights over Shares for which acceptances of the Offer have been received;
 - (ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror and the parties acting in concert with him before the Offer Period;
 - (iii) the total number of Shares and rights over Shares acquired or agreed to be acquired by the Offeror and parties acting in concert with him during the Offer Period; and

- (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and parties acting in concert with him have borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, and parties acting in concert with him has borrowed or lent (save for any borrowed Shares which have been either on-lent or sold) and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

- (b) In computing the total number of Shares represented by acceptances, only valid acceptances that are complete and fulfill the acceptance conditions set out in paragraph 1(e) of this Appendix, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.
- (c) If the Offeror, the parties acting in concert with him or his advisers make any statement about the level of acceptances or the number or percentage of accepting Shareholders during the Offer Period, then the Offeror must make an immediate announcement in compliance with Note 2 to Rule 19 of the Takeovers Code.
- (d) As required under the Takeovers Code and the GEM Listing Rules, any announcement in relation to the Offer, in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments, will be published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (<http://www.vision-holdings.com.hk/>).

5. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in subparagraph (b) below.
- (b) If the Offeror is unable to comply with the requirements set out in paragraph headed “4. Announcements” above, the Executive may require pursuant to Rule 19.2 of the Takeovers Code that the Independent Shareholders who have tendered acceptance to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirement of Rule 19 of the Takeovers Code can be met.

In such case, when the Independent Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within ten (10) days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance to the relevant Independent Shareholder(s).

6. SETTLEMENT OF THE OFFER

Provided that the accompanying Form of Acceptance for the Shares, together with the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are valid, complete and in good order and have been received by the Registrar no later than 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the accepting Independent Shareholders in respect of the Shares tendered under the Offer (less seller's ad valorem stamp duty payable by him/her/it) will be despatched to the accepting Independent Shareholders by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days following the date of receipt of all relevant documents to render such acceptance complete and valid by the Registrar in accordance with the Takeovers Code.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be paid by the Offeror in full in accordance with the terms of the Offer (save with respect of the payment of seller's ad valorem stamp duty) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholder.

No fraction of a cent will be payable and the amount of cash consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent.

7. OVERSEAS SHAREHOLDERS

As the Offer to persons not being resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the sole responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consent which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes due from the accepting Shareholders in respect of such jurisdictions). The Offeror, parties acting in concert with the Offeror, the Vendor, the Company, Quam Securities, Grande Capital, the Independent Financial Adviser, the Registrar and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates, as applicable, or any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders for any taxes they may be required to pay. Any acceptance of the Offer by such Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the applicable local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

8. TAX IMPLICATIONS

The Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Vendor, the Company, Quam Securities, Grande Capital, the Independent Financial Adviser, the Registrar nor their respective ultimate beneficial owners, directors, officers, advisers, agents or associates, as applicable, or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

9. GENERAL

- (a) All communications, notices, Form of Acceptance, certificates, transfer receipts and other documents of title and/or of indemnity and/or of any other nature to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror, parties acting in concert with the Offeror, the Vendor, the Company, Quam Securities, Grande Capital, the Independent Financial Adviser, the Registrar nor their respective ultimate beneficial owners, directors, officers, advisers, agents or associates, as applicable, or any other person involved in the Offer accepts any liability for any loss or any other liabilities whatsoever which may arise as a result thereof.
- (b) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror that the Shares tendered under the Offer are sold or tendered by such Independent Shareholder(s) free from all encumbrance and together with all rights and benefits attached thereto, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document.
- (c) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Offer Shares in respect of which it is indicated in the Form of Acceptance is the aggregate number of Offer Shares held by such nominee for such beneficial owners who accept the Offer.
- (d) The provisions set out in the accompanying Form of Acceptance form part of the terms of the Offer.
- (e) The accidental omission to despatch this Composite Document and/or the accompanying Form of Acceptance or either of them to any person to whom the Offer is made shall not invalidate the Offer in any way.
- (f) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

- (g) Due execution of the Form of Acceptance will constitute an irrevocable authority to the Offeror and/or Quam Securities and/or such person or persons as any of them may direct to complete and execute on behalf of the person(s) accepting the Offer, and to do any other act(s) that may be necessary or expedient for the purpose of vesting in the Offeror, or such person or persons as it may direct the Shares in respect of which such person has accepted the Offer.
- (h) The Offer is made in accordance with the Takeovers Code.
- (i) References to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.
- (j) The Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved, in making their decision as to acceptance of the Offer. The contents of this Composite Document, including any general advice or recommendation contained herein, together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror and parties acting in concert with him, the Company or its ultimate beneficial owners, directors, officers, agents, professional advisers or any other persons involved in the Offer. The Independent Shareholders should consult their own professional advisers for professional advices.
- (k) The English texts of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts, in case of any inconsistency.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the audited consolidated financial results of the Group for each of the financial years ended 31 December 2020, 2021 and 2022 and the unaudited consolidated financial results of the Group for each of the six months ended 30 June 2022 and 2023, respectively, as extracted from the relevant published financial statements of the Group for the relevant years/periods.

	For the year ended			For the six months ended	
	31 December			30 June	
	2020	2021	2022	2022	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	(Unaudited)
Revenue	92,821	125,707	160,375	64,347	50,204
Cost of sales	<u>(76,817)</u>	<u>(115,405)</u>	<u>(146,885)</u>	<u>(60,936)</u>	<u>(53,063)</u>
Gross profit/(loss)	16,004	10,302	13,490	3,411	(2,859)
Other income	894	212	323	167	28
Other gains and (losses), net	779	(7,995)	2,156	(30)	2,250
Selling and distribution expenses	(5,296)	(1,783)	(681)	(790)	(2,386)
Administrative expenses	(8,600)	(8,089)	(8,277)	(3,462)	(15,151)
Finance costs	<u>(570)</u>	<u>(825)</u>	<u>(1,625)</u>	<u>(563)</u>	<u>(1,299)</u>
(Loss) Profit before taxation	3,211	(8,178)	5,386	(1,267)	(19,417)
Income tax credit (expense)	<u>(660)</u>	<u>(511)</u>	<u>(488)</u>	<u>124</u>	<u>155</u>
(Loss) Profit and total comprehensive (loss) income for the year/period	<u>2,551</u>	<u>(8,689)</u>	<u>4,898</u>	<u>(1,143)</u>	<u>(19,262)</u>
Basic and diluted earnings (loss) per Share (HK\$ cents)	<u>2.55</u>	<u>(8.69)</u>	<u>4.90</u>	<u>(1.14)</u>	<u>(16.06)</u>

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 19 January 2017 and its issued shares have been listed on GEM since 4 May 2018. The Board has declared (i) interim dividends with an aggregate amount of HK\$6.5 million to its then sole Shareholder in April 2018 which had been fully paid; (ii) quarterly dividends of HK\$0.01 per Share, amounting to a total of HK\$10 million for the nine months ended 30 September 2017, which had been fully paid; (iii) final dividend of HK\$0.013 per Share, amounting to a total of HK\$13 million for the year ended 31 December 2018, which had been fully paid; (iv) interim dividends of HK\$0.01 per Share, amounting to a total of HK\$10 million for the six months ended 30 June 2019, which had been fully paid; and (v) final dividend of HK\$0.0075 per Share, amounting to a total of HK\$7.5 million for the year ended 31 December 2019, which had been fully paid. Save as disclosed above, no dividend has been paid or declared by the Company since its date of incorporation.

The Group did not record any non-controlling interests for each of the years ended 31 December 2020, 2021 and 2022.

The reporting accountant and auditor of the Company for the three years ended 31 December 2022 were Yongtuo Fuson CPA Limited, Certified Public Accountant of Hong Kong, did not issue any qualified or modified opinion (including emphasis of matter, adverse opinion, disclaimer of opinion and material uncertainty related to going concern) on the consolidated financial statements of the Group for the years ended 31 December 2020, 2021 and 2022, respectively.

There were no items of any income or expense which was material in respect of the consolidated financial results of the Group for each of the financial year ended 31 December 2020, 2021 and 2022.

2. CONSOLIDATED FINANCIAL STATEMENTS

The Company is required to set out or refer in this Composite Document the consolidated statements of financial position, the consolidated statements of cash flows, and any other primary statements as shown in the unaudited consolidated financial statements of the Group for the six months ended 30 June 2023 (the “**2023 Interim Financial Statements**”) and the audited consolidated financial statements of the Group for the year ended 31 December 2020 (the “**2020 Financial Statements**”), the year ended 31 December 2021 (the “**2021 Financial Statements**”) and the year ended 31 December 2022 (the “**2022 Financial Statements**”) together with the relevant notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2023 Interim Financial Statements are set out from page 5 to page 19 in the interim report of the Company for the six months ended 30 June 2023 (the “**Interim Report 2023**”) which was published on 14 August 2023. The Interim Report 2023 of the Company was posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.vision-holdings.com.hk), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0814/2023081401501.pdf>

The 2022 Financial Statements are set out from page 80 to page 159 in the annual report of the Company for the year ended 31 December 2022 (the “**Annual Report 2022**”) which was published on 24 March 2023. The Annual Report 2022 of the Company was posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.vision-holdings.com.hk), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0324/2023032400677.pdf>

The 2021 Financial Statements are set out from page 85 to page 167 in the annual report of the Company for the year ended 31 December 2021 (the “**Annual Report 2021**”) which was published on 29 March 2022. The Annual Report 2021 of the Company was posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.vision-holdings.com.hk), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0329/2022032900772.pdf>

The 2020 Financial Statements are set out from page 80 to page 159 in the annual report of the Company for the year ended 31 December 2020 (the “**Annual Report 2020**”) which was published on 26 March 2021. The Annual Report 2020 of the Company was posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.vision-holdings.com.hk), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0326/2021032601220.pdf>

3. INDEBTEDNESS

As at 30 June 2023, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had outstanding bank borrowing of approximately HK\$41.9 million, among which (i) bank borrowings of HK\$33.4 million are secured by certain of the Group’s property, plant and equipment with carrying amount of HK\$24.9 million; and (ii) bank borrowings of HK\$8.5 million are guaranteed by the HKMC Insurance Limited under the SME Financing Guarantee Scheme and are also secured by personal guarantee provided by an executive director of the Company.

Save as disclosed above and apart from intra-group liabilities and normal trade payables in the normal course of business, as at 30 June 2023, the Group did not have any other debt securities issued, outstanding and authorised or otherwise created but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, lease liabilities, hire purchase commitments, guarantees or other material contingent liabilities.

The Directors have confirmed that, save as disclosed above, there has not been any material change in the indebtedness and contingent liabilities of the Group since 30 June 2023.

4. MATERIAL CHANGE

The Directors confirm that save for the following matters, there has been no material change in the financial or trading position or outlook of the Group subsequent to 31 December 2022, being the date to which the latest audited consolidated financial statements of the Company were made up, up to and including the Latest Practicable Date:

- (a) as referred to the interim report of the Company for the six months ended 30 June 2023 (the “**2023 Interim Report**”), the Group recorded an unaudited net loss of approximately HK\$19.3 million for the six months ended 30 June 2023 (“**HY2023**”) as compared to the net loss of approximately HK\$1.1 million for the six months ended 30 June 2022 (“**HY2022**”), which was mainly attributable to, among others, the following factors:

- i. a decrease of approximately 21.9% in revenue from approximately HK\$64.3 million for HY2022 to approximately HK\$50.2 million for HY2023, which was mainly attributable to the drop in revenue from customers in Hong Kong for apparels and related products from approximately HK\$64.09 million in the first half of 2022 to approximately HK\$46.2 million in the first half of 2023;
 - ii. a decrease in cost of sales by approximately 12.8% from approximately HK\$60.9 million for HY2022 to approximately HK\$53.1 million for HY2023, which was attributable to the decrease in sales for HY2023; and
 - iii. an increase in administrative expenses by approximately 334.3% from approximately HK\$3.5 million for HY2022 to approximately HK\$15.2 million for HY2023, which was mainly due to an one-off distribution of director's bonus amounted to approximately HK\$9.4 million plus the professional fees and staff salaries;
- (b) the entering into a placing agreement between Cheong Lee Securities Limited as placing agent and the Company on 29 May 2023 in respect of placing of 12,000,000 new shares at the placing price of HK\$1.80 per placing share, which had been completed on 12 June 2023. The net proceeds raised from such placing was approximately HK\$20.9 million; and
- (c) completion of placing of 20,000,000 new shares at the placing price of HK\$0.213 per placing share contemplated under a placing agreement dated 23 December 2022 entered into between Silverbricks Securities Company Limited as placing agent and the Company, which took place on 13 January 2023. The net proceeds raised from such placing was approximately HK\$4.06 million.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offeror and parties acting in concert with him) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than that expressed by the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date are as follows:

<i>Authorised</i>	<i>HK\$</i>
<u>1,000,000,000</u> Shares	<u>100,000,000</u>
 <i>Issued and fully paid:</i>	
<u>132,000,000</u> Shares	<u>13,200,000</u>

All of the existing issued Shares currently in issue rank pari passu in all respects with each other, including, in particular, as to rights in respect of capital, dividends and voting. The Shares are listed and traded on the Stock Exchange. No Shares are listed, or dealt in, on any other stock exchange, nor is any listing of or permission to deal in the Shares being, or proposed to be sought, on any other stock exchange.

As at the Latest Practicable Date, the Company had no outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and had not entered into any agreement for the issue of such options, derivatives, warrants or securities of the Company.

On 13 January 2023, an aggregate of 20,000,000 Shares (the “**Placing Shares I**”) were allotted and issued at the price of HK\$0.213 per Share pursuant to the placing agreement dated 23 December 2022 (the “**Placing I**”). The net proceeds from the Placing I (after deduction of the placing commission in respect of the Placing I and other related expenses including, among others, the professional fees) amounted to approximately HK\$4.06 million. The Placing Shares I represent 20.0% of the total issued Shares immediately before the Placing I and approximately 16.67% of the total issued Shares as enlarged by the allotment and issue of the Placing Shares I immediately upon completion of the Placing I. For further details, please refer to the announcements made by the Company dated 23 December 2022 and 13 January 2023.

On 12 June 2023, an aggregate of 12,000,000 Shares (the “**Placing Shares II**”) were allotted and issued at the price of HK\$1.80 per Share pursuant to the placing agreement dated 29 May 2023 (the “**Placing II**”). The net proceeds from the Placing II (after deduction of the

placing commission in respect of the Placing II and other related expenses including, among others, the professional fees) amounted to approximately HK\$20.9 million. The Placing Shares II represent 10.0% of the total issued Shares immediately before the Placing II and approximately 9.09% of the total issued Shares as enlarged by the allotment and issue of the Placing Shares II immediately upon completion of the Placing II. For further details, please refer to the announcements made by the Company dated 29 May 2023 and 12 June 2023.

Save as disclosed above, the Company has not issued any Shares since 31 December 2022, the date to which the latest audited financial statements of the Company were made up.

3. MARKET PRICES

The table below shows the closing prices of the Shares as quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing Price per Share (HK\$)
31 January 2023	0.66
28 February 2023	0.70
31 March 2023	0.79
28 April 2023	1.25
31 May 2023	2.58
30 June 2023	4.99
10 July 2023 (the Last Trading Day)	7.20
31 July 2023	6.45
21 August 2023 (the Latest Practicable Date)	4.65

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$7.28 per Share on 21 July 2023, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.50 per Share on 15 February 2023.

4. DISCLOSURE OF INTERESTS

(a) Directors and the chief executive's interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) 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 and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be

notified to the Company and the Stock Exchange pursuant to the Rule 5.46 to 5.67 to the GEM Listing Rules; or (iv) which were required to be disclosed under the Takeovers Code.

(b) Substantial Shareholders' interests and short positions in the Shares, underlying Shares and debentures of the Company

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO and, so far as was known to the Directors, the persons or entities who had an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 5% or more of the issued voting shares of any other member of the Group, or in any options in respect of such share capital were as follows:

Name	Capacity/nature	Total number of Shares and/or underlying Shares interested ^(Note 1)	% in the issued share capital of the Company ^(Note 2)
The Offeror	Beneficial owner	75,000,000 (L)	56.82%
Arena Investors, LP ^(Note 3)	Investment manager	23,960,000 (L) 9,600,000 (S)	18.15% 7.27%

Notes:

1. The letter "L" denotes the individual's or corporation's long position in the Shares and the letter "S" denotes the individual's or corporation's short position in the Shares.
2. The percentage has been calculated based on 132,000,000 Shares in issue as at the Latest Practicable Date.
3. As at the Latest Practicable Date, according to the disclosure of interests filing available to the Company, Arena Investors, LP is an investment manager of and deemed to be interested in the Shares held by Arena Finance Markets, LP, Arena Special Opportunities (Offshore) Master, LP, Arena Special Opportunities Fund, LP, Arena Special Opportunities Partners II, LP and Arena Special Opportunities Partners (Cayman Master) II, LP.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person who had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

5. SHAREHOLDINGS AND DEALINGS IN SECURITIES

- (a) During the Relevant Period and up to the Latest Practicable Date, save for the Share Charge and the sale of the Sale Shares under the Share Transfer Agreement by the Vendor, which is wholly owned by Mr. Ko, none of the Directors had dealt for value in, any Shares or any securities, convertible securities, warrants, options, or derivatives in respect of any Shares or securities of the Company;
- (b) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company were owned or controlled or dealt with by a subsidiary of the Company or by a pension fund of members of the Group or by a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code (but excluding exempt principal traders and exempt fund managers) during the Offer Period and up to the Latest Practicable Date;
- (c) save for the Share Transfer Agreement, no person who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code had any dealings in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Offer Period and up to the Latest Practicable Date;
- (d) save for the Share Charge, none of the Company nor any Director had borrowed or lent any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
- (e) save for the Offeror who is holding 75,000,000 Shares, none of the persons who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who was presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who was an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate owned or controlled any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
- (f) none of the Directors beneficially owned any Shares and accordingly none of them is entitled to the Offer;
- (g) no Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company and no such person had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company; and

- (h) there is no understanding, arrangement or agreement which constitutes a special deal (as defined under Rule 25 of the Takeovers Code) between (i)(a) the Offeror or any party acting in concert with him, or (i)(b) the Company, its subsidiaries or associated companies on one hand; and (ii) any Shareholder on the other hand.

6. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation) would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (b) save for the Share Transfer Agreement, there was no agreement or arrangement entered into between any Director and any other person which was conditional or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (c) save for the Share Transfer Agreement, there was no material contract entered into by the Offeror in which any Director had a material personal interests.

7. SERVICE CONTRACT OF DIRECTOR

Save as disclosed below, as at the Latest Practicable Date, none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which: (a) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the commencement of the Offer Period; (b) were continuous contracts with a notice period of 12 months or more; or (c) were fixed term contracts with more than 12 months to run irrespective of the notice period.

Name of director	Term of contract	Remuneration
Ms. Ng Hoi Yung Yo Yo	Fixed term of three years from 30 January 2023 to 29 January 2026	HK\$240,000 per annum

There is no variable remuneration payable under the contract as mentioned above.

8. MATERIAL CONTRACT

Save as disclosed below, as at the Latest Practicable Date, the members of the Group had not entered into any material contracts (being a contract not entered into in the ordinary course of business carried or intended to be carried on by any member of the Group) after the date two years before the commencement of the Offer Period, which are or may be material:

- (a) the placing agreement dated 23 December 2022 entered into between the Company and Silverbricks Securities Company Limited relating to the placing of 20,000,000 Shares, further details of which are disclosed in the announcement of the Company dated 23 December 2022. The placing was completed on 13 January 2023 and the net proceeds raised from such placing was approximately HK\$4.06 million; and

- (b) the placing agreement dated 29 May 2023 entered into between the Company and Cheong Lee Securities Limited relating to the placing of 12,000,000 Shares, further details of which are disclosed in the announcement of the Company dated 29 May 2023. The placing was completed on 12 June 2023 and the net proceeds raised from such placing was approximately HK\$20.9 million.

9. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and, so far as the Directors are aware, no litigation or claims of material importance is pending or threatened by or against the Company and any of its subsidiaries.

10. QUALIFICATION AND CONSENT OF EXPERT

In addition to those listed under the paragraph headed “4. Experts and consents” in Appendix IV to this Composite Document, the following is the name and qualifications of the expert who has given its opinion, letters, reports or advice which are contained or referred to in this Composite Document:

Name	Qualification
Merdeka	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the Independent Financial Adviser to the Independent Board Committee in respect of the Offer

Merdeka has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its opinion, letters, reports or advice and references to its name included herein in the form and context in which it appears.

11. GENERAL

- (a) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The principal place of business in Hong Kong of the Company is 3/F, China United Plaza, 1002–1008 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong.
- (c) As at the Latest Practicable Date, the Board comprises Mr. Ko Sin Yun, Mr. Ko Man Ho, Mr. Cheng Ka Wing and Ms. Ng Hoi Yung Yo Yo as executive Directors, and Mr. To King Yan, Adam, Mr. Kwok Chee Kin and Mr. Chan Kim Sun as independent non-executive Directors.
- (d) The company secretary of the Company is Mr. Tam Chun Wai Edwin, who is an authorised representative under Rule 5.24 of the GEM Listing Rules.

- (e) The Hong Kong branch share registrar of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.
- (f) The registered office of Merdeka, the Independent Financial Adviser, is at Room 1108–1110, 11/F, Wing On Centre, 111 Connaught Road, Central, Hong Kong.
- (g) The English texts of this Composite Document and the Form of Acceptance shall prevail over the Chinese texts, in case of an inconsistency.

12. DOCUMENTS AVAILABLE ON DISPLAY

In addition to the documents relating to the Offeror as set out in the paragraph headed “6. Documents available on display” in Appendix IV to this Composite Document, copies of the following documents are available on display (i) on the website of the Company (www.vision-holdings.com.hk) and (ii) on the website of the SFC (www.sfc.hk) from the date of this Composite Document up to and including the Closing Date:

- (a) the second amended and restated memorandum of association and articles of association of the Company;
- (b) the annual report of the Company for year ended 31 December 2020, 2021 and 2022, respectively and the interim report of the Company for the six months ended 30 June 2023;
- (c) the letter from the Board, the text of which is set out on pages 20 to 27 of this Composite Document;
- (d) the letter from the Independent Board Committee, the text of which is set out on pages 28 to 29 of this Composite Document;
- (e) the letter from the Independent Financial Adviser, the text of which is set out on pages 30 to 51 of this Composite Document; and
- (f) the letter of consent referred to in the paragraph headed “10. Qualification and Consent of Expert” in this Appendix;
- (g) the service contract referred to in the paragraph headed “7. Service Contract of Director” in this Appendix;
- (h) the material contracts referred to in the paragraph headed “8. Material Contract” in this Appendix;
- (i) the Share Transfer Agreement; and
- (j) this Composite Document.

1. RESPONSIBILITY STATEMENT

Mr. Lau Chi Wing James, the Offeror, accepts full responsibility for the accuracy of information contained in this Composite Document (other than those relating to the Vendor and the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than the opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. DISCLOSURE OF INTERESTS AND DEALINGS IN SECURITIES OF THE COMPANY

As at the Latest Practicable Date, the Offeror and the parties acting in concert with him hold in aggregate 75,000,000 Shares, representing 56.82% of the total issued share capital of the Company. As at the Latest Practicable Date, save as disclosed above, the Offeror and the parties acting in concert with him did not own, control or have direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

The Offeror confirms that, as at the Latest Practicable Date:

- (a) save for the Share Charge immediately prior to Completion and the 75,000,000 Shares held by the Offeror immediately following Completion, none of the Offeror nor any party acting in concert with him owned or had control or direction over any voting rights or rights over the Shares or options, warrants, derivatives or securities convertible into Shares or other derivatives in respect of securities in the Company;
- (b) save for the entering into of the Share Transfer Agreement, none of the Offeror nor any party acting in concert with him had dealt for value in any Shares or any options, warrants, derivatives or securities convertible into Shares or other derivatives in respect of securities in the Company during the Relevant Period;
- (c) save for the Offer Facility, the Offer Facility Share Charge and the Share Transfer Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the Shares between the Offeror or any party acting in concert with him and/or other associates of the Offeror and any other person;
- (d) save for Quam Securities who was granted a share charge over the 75,000,000 Shares currently owned by the Offeror and the Offer Shares to be acquired by the Offeror and parties acting in concert with him, none of the persons who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or with any person acting in concert with the Offeror owned or controlled any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;

- (e) no person who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or with any person acting in concert with the Offeror had any dealings in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Offer Period and up to the Latest Practicable Date;
- (f) save for the Share Transfer Agreement, there is no agreement or arrangement to which the Offeror or any party acting in concert with him, is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (g) none of the Offeror nor any party acting in concert with him has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (h) neither the Offeror nor any party acting in concert with him has received any irrevocable commitment to accept or reject the Offer;
- (i) there is no agreement or arrangement in relation to outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror nor any party acting in concert with him;
- (j) save for the Consideration payable to the Vendor under the Share Transfer Agreement, there is no other consideration, compensation or benefits in whatever form paid or to be paid by the Offeror or any party acting in concert with him to the Vendor, Mr. Ko or any party acting in concert with him in connection with the Share Transfer;
- (k) save for the Share Transfer Agreement, there is no understanding, arrangement or special deal (as defined under Rule 25 of the Takeovers Code) between the Vendor, Mr. Ko or any party acting in concert with any of them on one hand, and the Offeror or any party acting in concert with him on the other hand;
- (l) there is no understanding, arrangement or special deal (as defined under Rule 25 of the Takeovers Code) between (i)(a) the Offeror or any party acting in concert with him, or (i)(b) the Company, its subsidiaries or associated companies on one hand; and (ii) any Shareholder on the other hand;
- (m) save for the Offer Facility Share Charge, there is no understanding, arrangement or agreement under which securities to be acquired pursuant to the Offer will be transferred, charged, pledged to any other persons;
- (n) no arrangement was in place for any benefit (other than statutory compensation) to be given to any Director as compensation for loss of office or otherwise in connection with the Offer;

- (o) save for the Share Transfer Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any party acting in concert with him and any Director, recent Directors, Shareholders or recent Shareholders which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (p) save for the Share Transfer Agreement, there was no material contracts entered into by the Offeror in which any Director has a material personal interest.

3. MARKET PRICES

The table below shows the closing price of the Shares as quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing Price per Share (HK\$)
31 January 2023	0.66
28 February 2023	0.70
31 March 2023	0.79
28 April 2023	1.25
31 May 2023	2.58
30 June 2023	4.99
10 July 2023 (the Last Trading Day)	7.20
31 July 2023	6.45
21 August 2023 (the Latest Practicable Date)	4.65

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$7.28 per Share on 21 July 2023, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.50 per Share on 15 February 2023.

4. EXPERTS AND CONSENTS

In addition to those listed under the paragraph headed “10. Qualification and consent of expert” in Appendix III to this Composite Document, the followings are the names and qualifications of the professional advisers whose letters, opinions or advice are contained or referred to in this Composite Document:

Name	Qualification
Quam Securities	a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Grande Capital	a licensed corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its opinions, advice letter/report and/or the references to its name included herein in the form and context in which it appears.

5. MISCELLANEOUS

- (a) The principal members of the Offeror’s concert group are the Offeror, the Lender, Ms. Choi Man Yun Marian, Ms. Kong Lai Ying, Mr. Chen Man Lung and Ms. Chung Tung Lai Fiona. The correspondence address of the principal members of the Offeror’s concert group is Room B6, 28/F, TML Tower, 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong.
- (b) The correspondence address of the Offeror is Room B6, 28/F, TML Tower, 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong.
- (c) The registered office of Quam Securities is 5/F, Wing On Centre, 111 Connaught Road Central, Hong Kong.
- (d) The registered office of Grande Capital is Room 2701, 27/F., Tower One, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong.
- (e) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts, in case of any inconsistency.

6. DOCUMENTS AVAILABLE ON DISPLAY

In addition to the documents set forth in the paragraph headed “12. Documents available on display” of Appendix III to this Composite Document, copies of the following documents are available on display on the website of the SFC at www.sfc.hk and the website of the Company at www.vision-holdings.com.hk during the period from the date of this Composite Document up to and including the Closing Date:

- (a) the letter from Quam Securities, the text of which is set out in the section headed “Letter from Quam Securities” of this Composite Document;
- (b) the written consents as referred to in the section headed “4. Experts and consents” in this appendix;
- (c) the Share Transfer Agreement; and
- (d) this Composite Document and the accompanying Form of Acceptance.