



VISION
INTERNATIONAL HOLDINGS

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

INTERIM REPORT

2021

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



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Corporate Information

BOARD OF DIRECTORS

Executive Directors:

Mr. Ko Sin Yun (*Chairman*)

Mr. Ko Man Ho

Mr. Cheng Ka Wing

Independent Non-executive Directors:

Mr. To King Yan, Adam

Mr. Kwok Chee Kin

Mr. Chan Kim Sun

AUDIT COMMITTEE

Mr. Chan Kim Sun (*Chairman*)

Mr. To King Yan, Adam

Mr. Kwok Chee Kin

REMUNERATION COMMITTEE

Mr. To King Yan, Adam (*Chairman*)

Mr. Chan Kim Sun

Mr. Kwok Chee Kin

NOMINATION COMMITTEE

Mr. Ko Sin Yun (*Chairman*)

Mr. Chan Kim Sun

Mr. To King Yan, Adam

COMPANY SECRETARY

Mr. Tam Chun Wai Edwin

COMPLIANCE OFFICER

Mr. Cheng Ka Wing

AUTHORISED REPRESENTATIVES FOR THE PURPOSE OF THE GEM LISTING RULES

Mr. Cheng Ka Wing

Mr. Tam Chun Wai Edwin

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

3/F, China United Plaza

1002–1008 Tai Nan West Street

Cheung Sha Wan

Kowloon

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services
Limited

Shops 1712–1716

17th Floor

Hopewell Centre

183 Queen's Road East

Hong Kong

Corporate Information

LEGAL ADVISER TO THE COMPANY AS TO HONG KONG LAW

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

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
United Overseas Bank Limited
Hong Kong Branch
Hang Seng Bank Limited

AUDITOR

Yongtuo Fuson CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

STOCK CODE

8107

COMPANY'S WEBSITE

www.vision-holdings.com.hk

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

The board of Directors (the “**Board**”) of the Company hereby announces the unaudited interim condensed consolidated financial results of the Group for the six months ended 30 June 2021 together with the comparative unaudited figures for the corresponding period in 2020, as follows:

	Notes	Three months ended 31 March		Six months ended 30 June	
		2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Revenue	3	24,464	10,935	61,514	41,014
Cost of sales		(21,527)	(8,297)	(55,226)	(34,806)
Gross profit		2,937	2,638	6,288	6,208
Other income	4	33	199	135	554
Other gains and losses	5	(127)	(173)	2	(208)
Selling and distribution expenses		(276)	(1,107)	(526)	(2,490)
Administrative expenses		(2,360)	(2,140)	(4,594)	(4,104)
Finance costs		(134)	(101)	(363)	(263)
Profit (loss) before taxation		73	(684)	942	(303)
Income tax expense	6	(24)	(10)	(268)	(56)
Profit (loss) and total comprehensive income (loss) for the period	7	49	(694)	674	(359)
Earnings (loss) per share — basic and diluted (HK cents)	9	0.05	(restated) (0.69)	0.67	(restated) (0.36)

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	As at 30 June 2021 (unaudited) HK\$'000	As at 31 December 2020 (audited) HK\$'000
Non-current assets			
Intangible assets	10	6,083	6,583
Deposits		67	67
Property, plant and equipment	11	27,270	27,860
		33,420	34,510
Current assets			
Inventories		987	838
Trade and other receivables, prepayments and deposits	12	70,126	54,623
Tax recoverable		1,713	1,708
Bank balances and cash		3,755	6,046
		76,581	63,215
Current liabilities			
Trade payables and other payables	13	9,077	7,195
Contract liabilities		6,215	102
Tax payable		252	–
Bank borrowings		34,183	32,320
		49,727	39,617
Net current assets		26,854	23,598
Non-current liability			
Deferred tax liabilities		584	562
Net Assets		59,690	57,546
Capital and reserves			
Share capital	14	10,000	10,000
Reserves		49,690	47,546
Shareholders' equity		59,690	57,546

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Share capital	Share premium	Other reserve	Translation reserve	Retained profits	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2020 (audited)	10,000	38,444	(103,262)	(7,252)	124,565	-	62,495
Loss and total comprehensive loss for the period	-	-	-	-	(359)	-	(359)
2019 final dividends	-	-	-	-	(7,500)	-	(7,500)
As at 30 June 2020 (unaudited)	10,000	38,444	(103,262)	(7,252)	116,706	-	54,636
As at 1 January 2021 (audited)	10,000	38,444	(103,262)	(7,252)	119,616	-	57,546
Profit/(Loss) and total comprehensive income/ (loss) for the period	-	-	-	-	682	(8)	674
Contribution from non-controlling interests	-	-	-	-	-	1,470	1,470
At 30 June 2021 (unaudited)	10,000	38,444	(103,262)	(7,252)	120,298	1,462	59,690

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Net cash used in operating activities	(5,624)	(28,210)
Net cash from investing activities	1,470	–
Net cash from financing activities	1,863	11,579
Net decrease in cash and cash equivalents	(2,291)	(16,631)
Cash and cash equivalents at the beginning of the period	6,046	30,525
Cash and cash equivalents at the end of the period	3,755	13,894

Notes to the Unaudited Condensed Consolidated Financial Statements

Six months ended 30 June 2021

1. GENERAL

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

The principal activity of the Company is investment holding. The principal activities of the Group are sales of apparel products and other products with the provision of supply chain management (“**SCM**”) services to customers and provision of agency services on construction materials and related materials.

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is different from the functional currency of the Company, United States Dollars (“**US\$**”). The Directors consider that presenting the unaudited condensed consolidated financial statements in HK\$ is preferable as the Company’s shares are listed on GEM of the Stock Exchange.

The accounting policies and basis of preparation adopted in the preparation of these unaudited condensed consolidated financial statements for the six months ended 30 June 2021 are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), except for the adoption of the following new and amendments to HKFRSs effective from 1 January 2021, as noted below.

Amendments to HKFRS 17	Insurance Contracts
Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

The application of the new and amendments to HKFRSs in the current period has had no significant financial effect on these unaudited condensed consolidated financial statements for the six months ended 30 June 2021.

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

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

Notes to the Unaudited Condensed Consolidated Financial Statements

Six months ended 30 June 2021

3. REVENUE AND SEGMENT INFORMATION

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

Timing of revenue recognition and category of revenue

	Three months ended 31 March		Six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Recognised at a point in time and short-term contracts				
Sales of apparel products with the provision of SCM services and construction materials to customers	24,007	10,935	60,541	38,258
Agency fee from construction and related materials	457	–	973	2,756

The Group's operating segment is determined based on information reported to the chief operating decision maker (the "CODM") of the Group, being the executive directors of the Company throughout the year, for the purpose of resource allocation and performance assessment.

During the year ended 31 December 2020, the Group commenced the business relating to the provision of agency services for construction and related materials along with the incorporation of a subsidiary, and it is considered as a new operating and reportable segment by the CODM.

Specifically, the Group's reportable segments for the year ended 31 December 2020 under HKFRS 8 are as follows:

1. Sales of apparel and related products with the provision of supply chain management services ("Apparel Products"), the Group's operating and reportable segment prior to the year ended 31 December 2020; and
2. Provision of agency services for construction and related materials ("Construction Materials"), a new operating and reportable segment during the year ended 31 December 2020.

Notes to the Unaudited Condensed Consolidated Financial Statements

Six months ended 30 June 2021

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments:

For the six months ended 30 June 2021 (unaudited)

	Apparel Products HK\$'000	Construction Materials HK\$'000	Consolidated HK\$'000
Segment revenue			
External sales	60,541	973	61,514
Segment profit	5,315	973	6,288
Unallocated other income			135
Unallocated other gains and losses, net			2
Unallocated corporate general administrative expenses			(5,120)
Finance costs			(363)
Group's profit before tax			942

For the six months ended 30 June 2020 (unaudited)

	Apparel Products HK\$'000	Construction Materials HK\$'000	Consolidated HK\$'000
Segment revenue			
External sales	38,258	2,756	41,014
Segment profit	3,452	2,756	6,208
Unallocated other income			554
Unallocated other gains and losses, net			(208)
Unallocated corporate general administrative expenses			(6,594)
Finance costs			(263)
Group's loss before tax			(303)

Notes to the Unaudited Condensed Consolidated Financial Statements

Six months ended 30 June 2021

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

As at 31 December 2020:

	HK\$'000
Segment assets	
Apparel Products	21,542
Construction Material	40,107
Total reportable segment assets	61,649
Corporate and other unallocated assets	36,076
Consolidated assets	97,725
Segment liabilities	
Apparel Products	2,657
Construction Material	1,349
Total reportable segment assets	4,006
Corporate and other unallocated assets	36,173
Consolidated liabilities	40,179

As at 30 June 2021 (unaudited):

	HK\$'000
Segment assets	
Apparel Products	41,888
Construction Material	29,269
Total reportable segment assets	71,157
Corporate and other unallocated assets	38,844
Consolidated assets	110,001
Segment liabilities	
Apparel Products	12,521
Construction Material	9,108
Total reportable segment assets	21,629
Corporate and other unallocated assets	28,682
Consolidated liabilities	50,311

Notes to the Unaudited Condensed Consolidated Financial Statements

Six months ended 30 June 2021

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than partial of property, plant and equipment and deposits, other receivables, prepayment, tax recoverable and bank and cash balances which were managed in a centralised manner.
- All liabilities are allocated to operating segments other than partial of other payables, certain bank borrowings and deferred tax liabilities which were managed in a centralised manner.

Segment profit represents the profit earned by each segment without allocation of government grant, net foreign exchange difference, central administration costs, directors' emoluments and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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

Geographical information

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

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

	Three months ended 31 March		Six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Apparel Products				
Macau	15,095	–	30,380	–
Germany	4,931	6,619	16,365	29,819
Hong Kong	3,880	–	13,695	–
France	101	1,876	101	5,107
Austria	–	1,818	–	2,210
Switzerland	–	622	–	1,122
	24,007	10,935	60,541	38,258
Construction Materials				
Cambodia	457	–	973	2,756
Total	24,464	10,935	61,514	41,014

Notes to the Unaudited Condensed Consolidated Financial Statements

Six months ended 30 June 2021

3. REVENUE AND SEGMENT INFORMATION (Continued)

Information about major customers

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

	Three months ended 31 March		Six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Customer A	15,095	#	30,380	#
Customer B	#	*	13,196	18,344
Customer C	2,898	3,540	*	6,137
Customer D	2,379	#	6,945	#
Customer E	*	#	6,749	#
Customer F	*	1,875	*	5,107
Customer H	#	1,562	#	*
Customer G	#	1,324	#	*

All the abovementioned customers are contributing revenue from Apparel Products.

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

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

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

	As at 30 June 2021 (unaudited) HK\$'000	As at 31 March 2021 (unaudited) HK\$'000
Hong Kong	27,270	27,565
Germany	6,083	6,333
Total	33,353	33,898

4. OTHER INCOME

	Three months ended 31 March		Six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Sample sales income	25	199	135	310
Others	8	-	-	244
Total	33	199	135	554

5. OTHER GAINS AND LOSSES

	Three months ended 31 March		Six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Net foreign exchange (loss) gain	(127)	(173)	2	(208)

Notes to the Unaudited Condensed Consolidated Financial Statements

Six months ended 30 June 2021

6. INCOME TAX EXPENSE

	Three months ended 31 March		Six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Hong Kong Profits Tax:				
Current tax	52	–	247	52
Deferred taxation	(28)	10	21	4
Total	24	10	268	56

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

7. (LOSS) PROFIT FOR THE PERIOD

	Three months ended 31 March		Six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
(Loss)/profit for the period has been arrived at after charging:				
Directors' remuneration	546	677	1,093	1,222
Other staff costs:				
— Salaries and other benefits	354	612	689	1,113
— Retirement benefit scheme contributions	16	23	32	45
Total staff costs	370	635	721	1,158
Total employee benefits expenses	916	1,312	1,814	2,380
Auditor's remuneration	100	100	200	200
Depreciation of plant and equipment	290	290	579	579
Depreciation of leasehold improvements	5	5	11	11
Amortisation of intangible assets	250	250	500	500
Cost of inventories recognised as cost of sales	21,527	8,297	55,226	34,806

Notes to the Unaudited Condensed Consolidated Financial Statements

Six months ended 30 June 2021

8. DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

9. EARNINGS (LOSS) PER SHARE

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

The calculation of basic earnings (loss) per Share for the period is based on the unaudited condensed consolidated profit for the six months ended 30 June 2021 of HK\$674,000 (loss for the six months ended 30 June 2020: HK\$359,000), and the weighted average number of ordinary shares of 100,000,000 (six months ended 30 June 2020: 100,000,000), being the total number of Shares in issue of the Company during the six months ended 30 June 2021.

The weighted average number of ordinary shares for the purpose of calculating basic loss per share for the six months ended 30 June 2020 has been adjusted to reflect the effect of the Share Consolidation of the Company with effect from 5 August 2020 as detailed in Note 1.

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

10. INTANGIBLE ASSETS

	Trademarks HK\$'000
At 31 December 2020	
Cost	10,000
Accumulated amortisation	3,417
Net book amount	6,583
Six months ended 30 June 2021	
Opening net book amount	6,583
Amortisation charge	(500)
Closing net book amount	6,083
At 30 June 2021	
Cost	10,000
Accumulated amortisation	(3,917)
Net book amount	6,083

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Trademarks 10 years

The Group acquired two trademarks from an independent third party at an aggregate consideration of HK\$10,000,000 in July 2017.

Notes to the Unaudited Condensed Consolidated Financial Statements

Six months ended 30 June 2021

11. PROPERTY, PLANT AND EQUIPMENT

The items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings	Over the term of remaining land lease
Computer and office equipment	20%
Leasehold Improvement	10%

For the six months ended 30 June 2021, the Group incurred no additional cost for the leasehold improvements (six months ended 30 June 2020: Nil).

At 30 June 2021, leasehold land and building of the Group with carrying value of approximately HK\$27,018,000 (31 December 2020: HK\$27,539,000) were pledged with a bank to secure a loan granted to the Group.

12. TRADE RECEIVABLES

For long-term customers with good credit quality and payment history, the Group allows credit periods of not more than 120 days. For other customers, the Group demands full settlements upon delivery of goods.

The following is an analysis of trade receivables by age, presented based on the invoice dates at the end of each reporting period:

	As at 30 June 2021 (unaudited) HK\$'000	As at 31 December 2020 (audited) HK\$'000
1 to 30 days	51,978	6,705
31 to 60 days	5,930	5,363
61 to 90 days	7	1,169
Over 90 days	3	6,998
	57,918	20,235

Notes to the Unaudited Condensed Consolidated Financial Statements

Six months ended 30 June 2021

13. TRADE PAYABLES

The following is an analysis of the trade payables by age, presented based on the invoice dates at the end of each reporting period:

	As at 30 June 2021 (unaudited) HK\$'000	As at 31 December 2020 (audited) HK\$'000
0 to 30 days	5,503	2,796
31 to 60 days	–	166
61 to 90 days	1	–
Over 91 days	2,685	578
	8,189	3,540

14. SHARE CAPITAL

	Number of Shares	Share capital HK\$'000
Ordinary Shares of HK\$0.1 each*		
Authorised:		
At 31 December 2020 and 30 June 2021	1,000,000,000	100,000
Issued and fully paid:		
Ordinary Shares of HK\$0.1 each*		
At 31 December 2020 and 30 June 2021	100,000,000	10,000

* The Company implemented the Share Consolidation with effect from 5 August 2020 as detailed in Note 1.

15. RELATED PARTY TRANSACTIONS

(a) Related party balances included in other receivables

As at 30 June 2021, the Group did not have any significant outstanding balance with related parties at the end of the reporting period (31 December 2020: nil).

(b) Related party transactions

During the six months ended 30 June 2020 and 2021, the Group did not have any transaction with related parties.

Management Discussion and Analysis

BUSINESS REVIEW

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

As a well-established apparel SCM services provider, we have developed a vertically integrated business model with services ranging across market trend analysis, product design and development, sourcing of suppliers, production management, logistics services and quality control. Through engaging us for apparel SCM services, our customers are able to focus their resources on their retail businesses and respond quickly to the fast-evolving changes of the fashion industry, as they do not have to separately engage different suppliers for various types of services throughout the apparel supply chain.

Besides, during the six months ended 30 June 2021, the Group leveraged on its experience in SCM and extended our business to the supply of construction materials in order to diversify our income stream. Our customers for construction materials are primarily construction materials sourcing agents in Cambodia.

Management Discussion and Analysis

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The Group's business objective is to become a key market player in the Hong Kong apparel SCM industry. After the Listing, the proceeds raised from the Listing is targeted to expand our business to maintain and strengthen our market position by pursuing our business strategies. An analysis comparing the business objectives as set out in the prospectus of the Company dated 23 April 2018 (the "**Prospectus**") with the Group's actual business progress for the period from the Listing Date up to 30 June 2021 is set out below:

Business objectives	Actual progress
Continue our growth by solidifying our relationship with existing customers and exploring new customers	Our staff paid visits to our existing and new customers.
Increase our geographic footprint to new apparel retail markets	Our staff explored and paid visits to a number of potential new customers located in Europe and Asia. The Group has successfully commenced business relationship with a number of them.
Set up a new showroom to showcase our product offerings	The Group has acquired a new showroom on 10 September 2018 to showcase its product offerings.
Strengthen our design and development capabilities to develop new design collections	The Group has prepared a wider variety of sample products for our design collections in our new showroom.
Enhance our quality control process	Our quality control team performed on-site quality inspections at the location of our suppliers.
Repay bank borrowings	HK\$5.2 million of bank borrowing has been repaid, as set out in the section headed "Statement of Business Objective and Use of Proceeds" in the Prospectus.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's revenue increased by 50.0% from HK\$41.0 million for the six months ended 30 June 2020 to HK\$61.5 million for the six months ended 30 June 2021. The increase was mainly attributable to the increased revenue from customers in Macau and Hong Kong for apparels and related products.

Cost of sales

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

Cost of sales increased by 58.7% from HK\$34.8 million for the six months ended 30 June 2020 to HK\$55.2 million for the six months ended 30 June 2021, which was in line with the increase in sales for the six months ended 30 June 2021.

Gross profit and gross profit margin

Gross profit was HK\$6.2 million and HK\$6.3 million for the six months ended 30 June 2020 and 2021, respectively. The gross profit margin dropped from 15.1% for the six months ended 30 June 2020 to 10.2% for the six months ended 30 June 2021, 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 our customers tend to make orders with lower average selling prices that led to a tumble in the gross profit margin.

Other income

Other income decreased from HK\$0.5 million for the six months ended 30 June 2020 to HK\$0.1 million for the six months ended 30 June 2021. Such decrease was mainly attributable to (i) the decrease in the wage subsidies of the Employment Support Scheme from the government of Hong Kong, and (ii) the decrease in sample sales.

Other gains and losses

Other gains and losses mainly represent the net foreign exchange difference resulted from fluctuations in the exchange rate of the foreign currency incurred in our operation.

Selling and distribution expenses

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

Management Discussion and Analysis

Selling and distribution expenses amounted to HK\$2.5 million and HK\$0.5 million for the six months ended 30 June 2020 and 2021, respectively. Such decrease was mainly attributable to the decrease in (i) sales commissions and design fees for the apparel products, and (ii) the travelling expenses due to the global travelling restrictions as a result of the COVID-19 outbreak.

Administrative expenses

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

Administrative expenses amounted to HK\$4.1 million and HK\$4.6 million for the six months ended 30 June 2020 and 2021, respectively. The slight increase was mainly due to an increase in the bank charges.

Finance costs

The Group's finance costs amounted to approximately HK\$0.3 million and HK\$0.4 million for the six months ended 30 June 2020 and 2021, respectively and remained stable.

Income tax expense

Income tax expense amounted to HK\$56,000 and HK\$268,000 for the six months ended 30 June 2020 and 2021, respectively. Such increase was in line with the increase in the profit before taxation.

Profit (loss) for the period

The profit of the Group for the six months ended 30 June 2021 amounted to HK\$0.7 million (loss for the six months ended 30 June 2020: HK\$0.4 million). Such increase in profit was mainly attributable to the combined effect of (i) an increase in revenue; and (ii) a decrease in selling and distribution expenses as explained above.

Charge on the Group's assets

As at 30 June 2021, the Group pledged the property comprising workshops 1–3 and 5–7 on 3rd Floor of China United Plaza, No. 1008 Tai Nan West Street, Kowloon, Hong Kong to a bank for the bank finance facility for the Group.

Share capital

The share capital of the Group only comprises ordinary shares.

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

Management Discussion and Analysis

As at 30 June 2021, the Company's issued share capital was HK\$10,000,000 and the number of its issued shares was 100,000,000 of HK\$0.1 each.

Significant investment held

As at 30 June 2021, the Group did not hold any significant investment.

Contingent liabilities

The Group did not have any material contingent liabilities or guarantees as at 30 June 2021.

Foreign exchange exposure

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

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

For the transaction denominated in EUR during the six months ended 30 June 2021, the Group considers that there is no significant foreign exchange risk in respect of EUR.

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

PROSPECTS

The COVID-19 pandemic is persistently weighing heavily on the macroeconomic and the worldwide retail environment. Although the silver lining might emerge from this unprecedented upheaval to the mankind upon the COVID-19 vaccine rollout, we expect the pessimistic sentiment is still hovering on, until more solid signs of progress that the pandemic situation is to be brought under control. It would take time for global markets and economies to recover.

The Group's profitability had been severely affected by COVID-19 since 2019. The travel restriction caused by COVID-19 has hindered our overseas customers from visiting us or us from visiting them for making sales orders. Moreover, in view of the weakening retail markets, customers would tend to make orders with lower average selling prices, which led to a tumble in our gross profit margin of the apparel business.

To cope with the lingering business downturn, our management has already taken cost-control measures to reduce our operating costs. Going forward, the Group will continue to keep a close eye on the appropriate ways to apply such measures.

Management Discussion and Analysis

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

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

USE OF PROCEEDS

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

Up to 30 June 2021 and 13 August 2021, the Group has utilised approximately HK\$17.5 million to set up a new showroom, HK\$5.2 million to repay its bank borrowings, HK\$3.2 million to fund the general working capital need, HK\$2.2 million to strengthening our design and development capabilities to develop new design collections, HK\$1.8 million to solidify relationship with existing customers and explore new customers, and HK\$0.8 million to enhance quality control process.

Up to 30 June 2021 and 13 August 2021, the unutilised Net Proceeds amounted to approximately HK\$1.5 million. The unutilised Net Proceeds were placed in a licensed bank in Hong Kong.

On 13 August 2021, the Board resolved to change the use of the unutilised Net Proceeds. The intended use of the unutilised Net Proceeds of HK\$1.5 million is to be re-allocated from solidifying our relationship with existing customers and exploring new customers to funding the Group’s general working capital needs. The Company expects to utilise the unutilised Net Proceeds by 31 December 2021.

Management Discussion and Analysis

Reasons for and benefits of the change in use of proceeds

The unprecedented COVID-19 pandemic is persistently weighing heavily on the macroeconomic and the worldwide retail environment. Due to the COVID-19 situation, certain governments have issued entry restrictions and quarantine measures for travellers. The travel restrictions have hindered our overseas customers from visiting us or us from visiting them for making sales orders. Such restrictions have also suspended various trade fairs and limited the number of the audience of trade fairs. The actual usage of the Net Proceeds for solidifying relationship with existing customers and exploring new customers has been delayed by the global travel restrictions. The selling and distribution expenses which mainly include staff costs, customer service fee, freight and transportation cost, travelling expenses, exhibition fees, design fee, sample and development cost and other selling and distribution expenses for the six months ended 2020 and 2021 have decreased significantly from HK\$2.5 million to HK\$0.5 million.

Up to 13 August 2021, there remains a significant degree of uncertainty over the lifting of the existing global travel restrictions. The Board considered that the unutilised Net Proceeds may not be utilised efficiently in accordance with the original allocation for solidifying our relationship with existing customers and exploring new customers by visiting our overseas customers and participating in trade fairs. After due and careful consideration of the current business environment and development needs of the Group, the Board considers that the use of the unutilised Net Proceeds should be appropriately re-allocated to better cope with the current economic environment and future challenges brought by the COVID-19 pandemic.

The Board is of the view that the aforesaid change in the use of unutilised Net Proceeds is in the best interest of the Group and its shareholders as a whole and will not have any material adverse effect on the existing business and operations of the Group. The Board will continue to closely monitor our existing business operations and the possible impacts brought by the COVID-19 pandemic, and take appropriate actions to tackle such impacts.

Save as disclosed in this report, there are no other changes in the use of the Net Proceeds.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2021, the total equity of the Group was HK\$60.0 million (31 December 2020: HK\$57.5 million). The Group's cash and cash equivalent was HK\$3.8 million (31 December 2020: HK\$6.0 million). Our working capital represented by the net current assets as at 30 June 2021 was HK\$26.9 million (31 December 2020: HK\$23.6 million). Our current ratio was 1.5 times as at 30 June 2021 (31 December 2020: 1.6 times). Our gearing ratio (calculated based on bank borrowings divided by total equity) was 57.3% as at 30 June 2021 (31 December 2020: 56.2%).

Management Discussion and Analysis

Based on the above analysis, coupled with sufficient cash and bank balances, we have adequate liquidity and financial resources to meet our working capital requirements.

DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

SEGMENT INFORMATION

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

For the six months ended 30 June 2021, the Group had not made any material acquisition or disposal of subsidiaries, associates and joint ventures (six months ended 30 June 2020: Nil)

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, the Group employed a total number of seven full-time employees (30 June 2020: ten full-time employees and two external design consultants). The staff costs of the Group (including Directors' remuneration, employees' salaries, wages, other benefits and contribution to defined contribution retirement plan) for the six months ended 30 June 2021 were approximately HK\$1.8 million (six months ended 30 June 2020: HK\$2.4 million).

Our remuneration package includes basic salary, bonuses and allowances. We review the performance of our employees regularly, and the review outcome is used for the employees' salary review and promotion appraisal. We have set up a competitive remuneration system that links a portion of our employees' compensation to the performance of our business in order to provide incentives to our employees to strive for better results.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have any plan for material investments or capital assets as at 30 June 2021.

Other Information

DISCLOSURE OF INTERESTS

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

As at 30 June 2021, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to notify to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, will be as follows:

(a) Long Position in the Shares of the Company

Name of Director	Nature of interest and capacity	Number of Shares held ⁽¹⁾	Percentage of issued share Capital ⁽³⁾
Mr. Ko	Interest in a controlled corporation ⁽²⁾	75,000,000 (L)	75%

Notes:

1. The letter "L" denotes to the long position in the Shares.
2. The Shares are registered in the name of Metro Vanguard. Accordingly, Mr. Ko is deemed to be interested in all the Shares held by Metro Vanguard for the purpose of Part XV of the SFO.
3. The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 30 June 2021 (i.e. 100,000,000 Shares).

Other Information

(b) Long Position in the Shares of Associated Corporation

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

Save as disclosed above, as at 30 June 2021, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required pursuant to Section 352 of the SFO, to be entered in the register of members of the Company or which were required to be notified to the Company and the Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 June 2021, the interest and short positions of the persons (other than the Directors or chief executive of the Company) in the Shares, underlying shares and debentures of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long Position in the Company's Shares

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

Other Information

Notes:

1. The letter "L" denotes to the long position in the Shares.
2. Ms. Chan Sau Fung is the spouse of Mr. Ko. By virtue of the SFO, she is deemed to be interested in all Shares held by Metro Vanguard, in which Mr. Ko is deemed to be interested.
3. The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 30 June 2021 (i.e. 100,000,000 Shares).

Save as disclosed above, as at 30 June 2021, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed in the sub-sections headed "Disclosure of Interests" and "Share Option Scheme" herein, at no time during the six months ended 30 June 2021 was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' COMPETING INTERESTS

For the six months ended 30 June 2021, the Directors have confirmed that to the best of their knowledge, information and belief and having made all reasonable enquiries, none of the Directors, the Controlling Shareholders and their respective close associates (as defined in the GEM Listing Rules) had any business or interests in any company that competes or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group.

Other Information

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Giraffe Capital Limited as its compliance adviser until 29 March 2021. Except for the compliance adviser agreement entered into between the Company and the compliance adviser from 3 August 2017 to 29 March 2021, as at 29 March 2021, neither the compliance adviser nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

CORPORATE GOVERNANCE PRACTICES AND COMPLIANCE

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules (the "**CG Code**"). The Board and the management of the Company are committed to maintaining and achieving a high standard of corporate governance practices with an emphasis on a quality Board, an effective accountability system and a healthy corporate culture in order to safeguard the interests of the shareholders of the Company and enhance the business growth of the Group. Where applicable, the Company has complied with the code provisions as set out in the CG Code during the six months ended 30 June 2021.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules ("**Required Standard of Dealings**") regarding Directors' securities transactions. Having been enquired by the Company, all Directors confirmed that they had complied with the Required Standard of Dealings during the six months ended 30 June 2021.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

Other Information

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 16 April 2018 pursuant to a resolution passed by the Company’s then sole shareholder. The purpose of the Share Option Scheme is to provide eligible participants an opportunity to have a personal stake in the Company and to motivate, attract and retain the eligible participants whose contributions are important to the long-term growth and profitability of the Group. Eligible participants of the Share Option Scheme include any employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of the Company or any of its subsidiaries (including any director of the Company or any of its subsidiaries) who is in full-time or part-time employment with or otherwise engaged by the Company or any of its subsidiaries at the time when an option is granted.

The Share Option Scheme became effective on the Listing Date and, unless otherwise cancelled or amended, will remain in force for 10 years commencing on the Listing Date.

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

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

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

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

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

Other Information

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2021 and this report, and is of the opinion that the preparation of such statements complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

FORWARD LOOKING STATEMENTS

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

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

Hong Kong, 13 August 2021