V.S. International Group Limited
威鋮國際集團有限公司

(incorporated in the Cayman Islands with limited liability)
(stock code: 1002)

2021/22 ANNUAL REPORT

Contents

Corporate Profile

V.S. International Group Limited (“Company”) and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the manufacturing and sale of plastic moulded products and parts, assembling of electronic products and moulds design and fabrication.

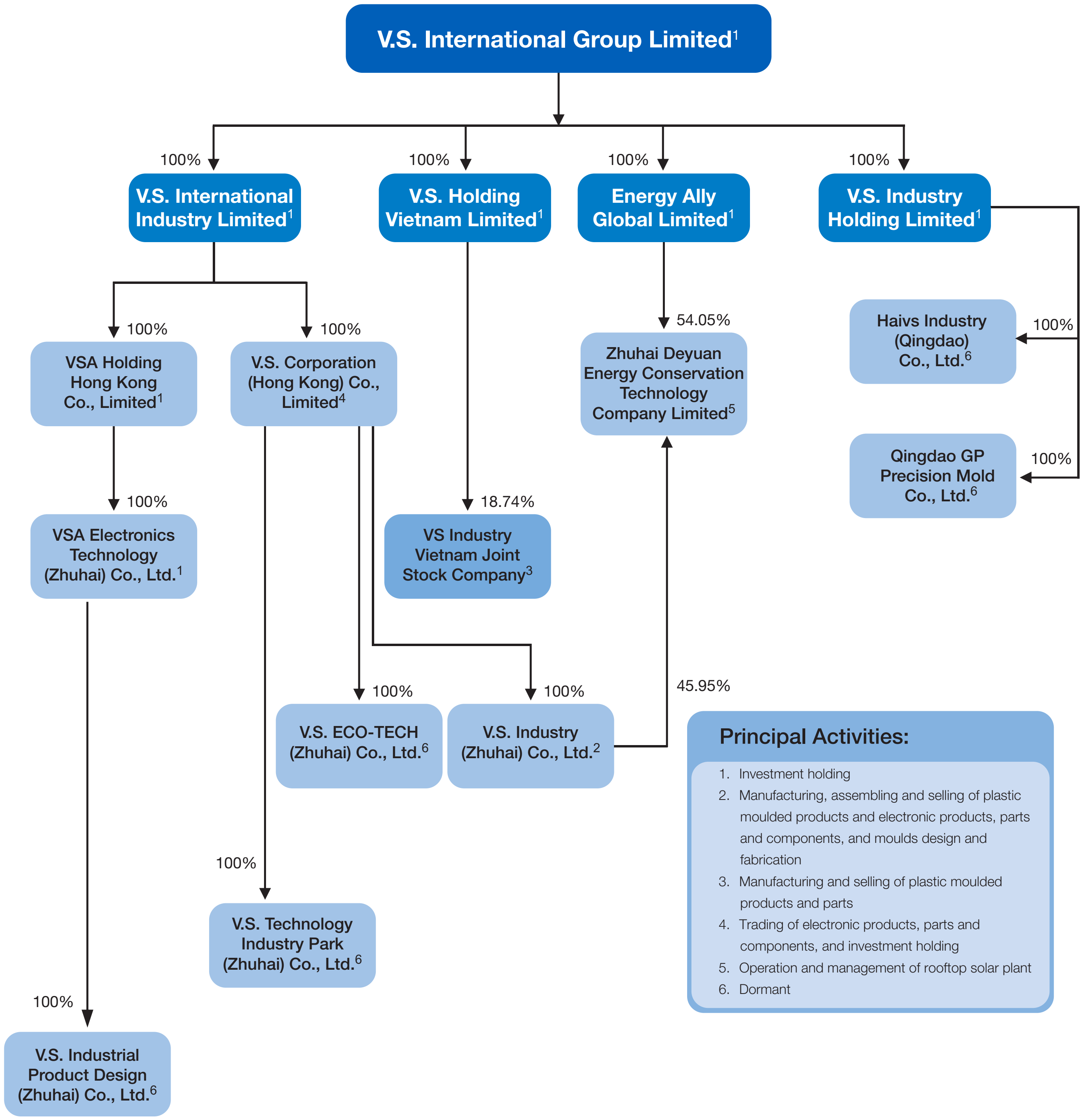
The Group commenced its business in 1997 in Shenzhen, the People’s Republic of China (“PRC”) and was listed on the Main Board of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) in February 2002. The Company is a subsidiary of V.S. Industry Berhad, a company incorporated in Malaysia with limited liability, the shares of which are listed on the Main Market of Bursa Malaysia Securities Berhad.

The Group’s main production facility is located at Zhuhai in the PRC. In addition, it has an associated company in Hanoi, Vietnam, which is principally engaged in contract manufacturing of plastic moulded products for international brands of electronics consumer products.

The Group is a leading integrated electronics manufacturing services (“EMS”) provider, and together with its holding company, V.S. Industry Berhad has become one of the world’s top 50 EMS providers.

Corporate Structure

As of 26 September 2022



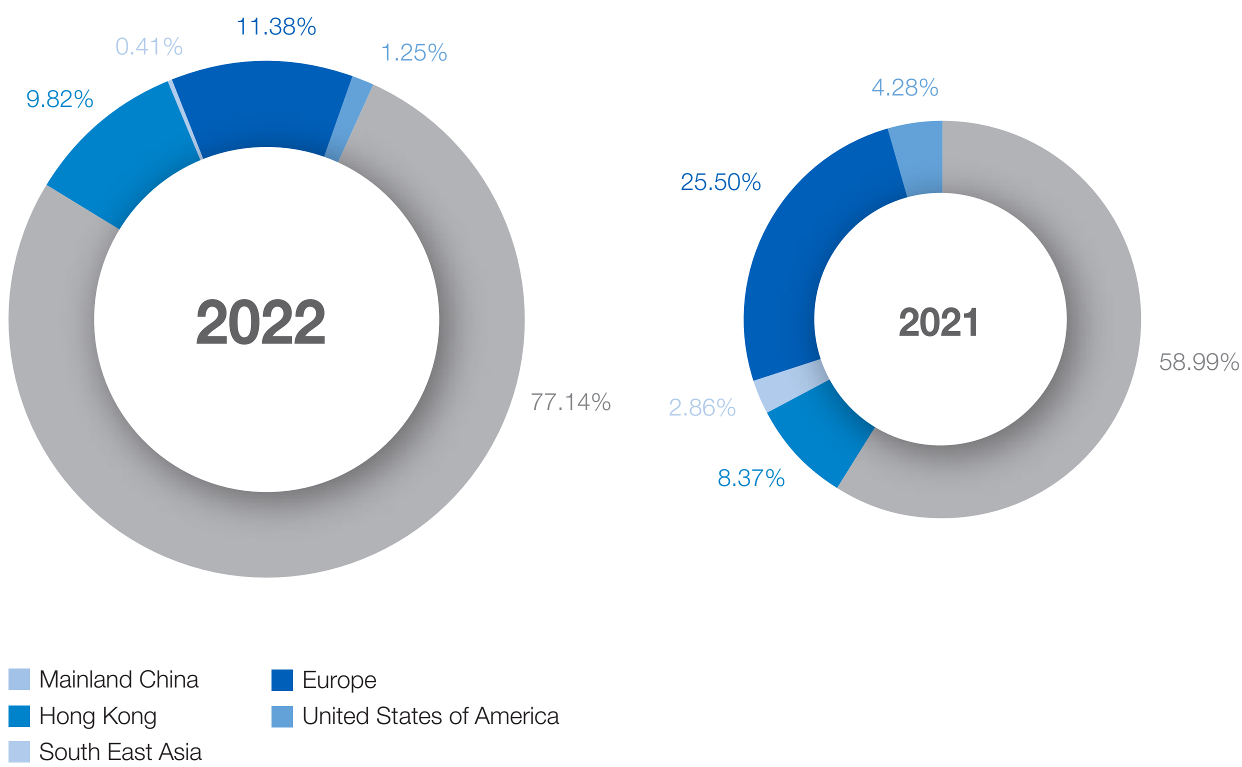
Principal Activities:

1. Investment holding
2. Manufacturing, assembling and selling of plastic moulded products and electronic products, parts and components, and moulds design and fabrication
3. Manufacturing and selling of plastic moulded products and parts
4. Trading of electronic products, parts and components, and investment holding
5. Operation and management of rooftop solar plant
6. Dormant

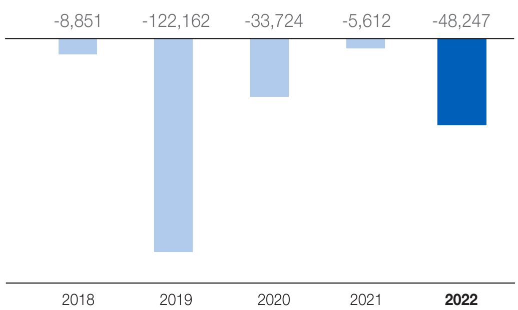
Financial Highlights

Key Financial Data	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total equity	**301,955**	350,802	356,714	391,338	510,288
Total assets	**368,536**	491,956	629,340	727,592	1,011,740
Total liabilities	**66,581**	141,154	272,626	336,254	501,452
Net (cash)/borrowings	**(37,193)**	(1,786)	7,838	72,572	114,780
Capital expenditure	**257**	546	7,345	25,817	101,575
Gearing ratio (net) (%)	**N/A**	N/A	1.25%	9.97%	11.34%
Finance costs over turnover (%)	**1.83%**	2.43%	2.30%	2.43%	1.24%

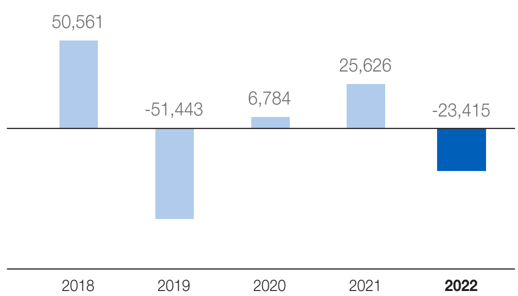
Sales Breakdown by Geographical Locations



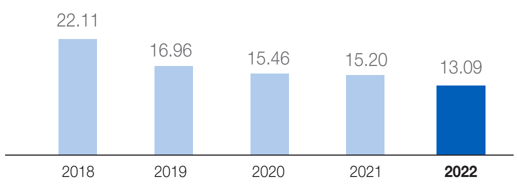
Loss Attributable to Owners (RMB'000)



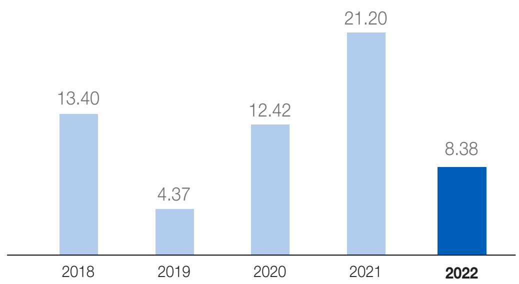
EBITDA (RMB'000)
((Loss)/earnings before interest, tax, depreciation and amortisation)



Net Tangible Assets Per Share (RMB cents)

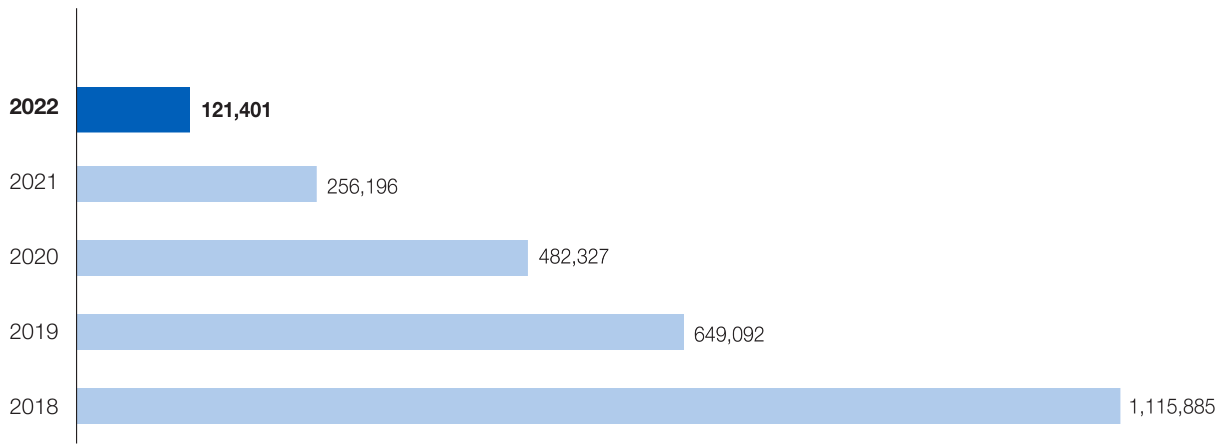


Gross Profit Margin (%)



Sales Breakdown by Business Segments

(RMB'000)



(RMB'000)	2022	2021	2020	2019	2018
Plastic injection and moulding	88,911	154,099	158,115	356,006	504,558
Assembling of electronic products	29,430	95,732	301,160	250,503	546,063
Mould design and fabrication	3,060	6,365	23,052	42,583	65,264

Chairman's Statement

Dear Shareholders

On behalf of the board ("Board") of directors ("Directors"), I hereby present the Company's annual report ("Annual Report") together with the consolidated financial statements of the Group for the financial year ended 31 July 2022.

BUSINESS REVIEW

During the financial year, the Group continued to implement its strategies to focus on costs control.

FINANCIAL HIGHLIGHTS

The Group's revenue for the financial year was RMB121.40 million as compared to RMB256.20 million in the previous financial year, representing a decrease of 52.62%. The Group's gross profit decreased from RMB54.31 million to RMB10.17 million and the gross profit margin decreased from 21.20% to 8.38%. Loss attributable to owners of the Company recorded at RMB48.25 million as compared to loss of RMB5.61 million in the previous financial year.

DIVIDENDS

The Board does not recommend any payment of dividend for the financial year ended 31 July 2022 (2021: Nil) at the forthcoming annual general meeting of the Company. The Company is not aware of any arrangement under which a shareholder has waived or agreed to waive any dividends.

FUTURE PROSPECTS AND CHALLENGES

The global economy has been facing with prolonging COVID-19 pandemic since early January 2020. The current restrictions on travelling to and in China due to the dynamic clearance policy adopted by the China government in combating the pandemic may affect the China domestic and regional economic activities. In addition, rising in inflation rate and fear of global recession cause uncertainty in world economy.

The Group will continue to streamline its operation and formulate a stronger financial position with a light asset operation and lower geared structure and higher liquidity. By way of adopting a light assets and cost model, the Group should be able to improve its operational flexibility, reduce its debts and minimise the adverse impact on the business operation.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I would like to express my sincere appreciation and gratitude to the Company's shareholders, bankers, customers, suppliers, business associates and regulatory authorities for their confidence and continuous support to the Group. I also wish to take this opportunity to thank my fellow directors, the management team, staff and employees for their full commitment, loyalty and dedication to the Group, which enabled us to overcome the challenges encountered during the year.

By order of the Board
V.S. International Group Limited
Beh Kim Ling
Chairman

Management Discussion and Analysis of Results of Operations

INDUSTRY OVERVIEW

During the financial year, the Group continued to implement its strategies to focus on costs control.

FINANCIAL REVIEW

Revenue, Gross Profit and Segment Results

During the financial year, the Group recorded a revenue of RMB121.40 million, representing a decrease of RMB134.80 million or 52.62% from RMB256.20 million in the previous year. The major contributor of the Group's revenue was plastic injection and moulding division which accounted for 73.24% (2021: 60.15%) of the Group's revenue, and the remaining from assembling of electronic products division and mould design and fabrication division, which accounted for 24.24% (2021: 37.37%) and 2.52% (2021: 2.48%) of the Group's revenue respectively.

Gross profit decreased by RMB44.14 million and recorded at RMB10.17 million, representing 8.38% of its revenue during the financial year as compared to gross profit of RMB54.31 million, representing 21.20% of its revenue in the previous year.

Plastic Injection and Moulding

The Group recorded a revenue of RMB88.91 million for this segment, representing a decrease of RMB65.19 million or 42.30% as compared to RMB154.10 million for the corresponding financial year in 2021 mainly due to the decrease in the sales orders in the PRC by two existing customers.

Assembling of Electronic Products

This segment recorded a revenue of RMB29.43 million, representing a significant decrease of RMB66.30 million or 69.26% from RMB95.73 million for the corresponding financial year in 2021. The drop in revenue was mainly due to a drop in the amount of orders in Europe and the United States of America placed by a customer that ceased business operation in 2022.

Mould Design and Fabrication

The mould design and fabrication segment recorded a revenue of RMB3.06 million, representing a significant decrease of RMB3.31 million or 51.96% as compared to RMB6.37 million for the corresponding financial year in 2021 due to the decrease in the sales orders in Hong Kong by an existing customer caused by the current cautious business and economic environment.

Other Losses – Net

During the financial year, the Group recorded other net losses of RMB26.10 million as compared to RMB7.48 million for the corresponding financial year in 2021, which comprised mainly net foreign exchange gains of RMB1.41 million and reversal of accruals of RMB5.01 million, which were offset by a provision of impairment of RMB16.64 million on property, plant and equipment ("PPE"), a provision of impairment of RMB2.24 million on right-of-use assets ("ROU"), net loss on disposal of PPE and ROU of RMB4.81 million and net loss on PPE and ROU written off of RMB8.83 million, which mainly included the costs of disposal and written off of idle and obsolete PPE and ROU.

The unstable trading relationship between China and the United States continues to adversely impact the Group's business performance. Management ceased operation of certain manufacturing lines in previous year in which, certain machinery and equipment (included in PPE and ROU) with a carrying amount of RMB7,440,000 (before impairment provision made in the current year) were not expected to be used in production in the future. Therefore, there is no future economic benefit arisen from these machinery and equipment, and the related value-in-use is neglectable. For these machinery and equipment, management estimated the recoverable amount of RMB1,429,000 based on their fair value less costs of disposal by making reference to price quotation obtained from a third-party buyer. Accordingly, for the year ended 31 July 2022, impairment losses of PPE and ROU of RMB4,801,000 and RMB1,210,000, respectively, were further recognised in the consolidated income statement.

For the remaining of PPE and ROU (excluding land and buildings) with carrying value of RMB72,201,000 (before impairment provision made in the current year), management performed impairment assessment by cash-generating units ("CGUs") as at 31 July 2022. The Group regarded the machinery and equipment used in business operation, and solar power generating machinery and equipment as attributable to separately identifiable CGUs. For the impairment testing purpose, the recoverable amounts of the CGUs are determined based on value-in-use calculations, which are higher than the fair value less costs of disposal calculations.

For the machinery and equipment used in business operation, in estimating the present value of future net cash flows of the business operation CGU, after considering the historical results, the prevailing market trends and the expected remaining useful lives of the relevant PPE and ROU, the management made key assumptions and estimation on the financial forecasts with major assumptions such as percentage changes in revenue in the first year of -40% and in second to the eighth year of 0% and gross profit margin of 4% as well as pre-tax discount rate of 12%. Accordingly, for the year ended 31 July 2022, impairment losses of PPE and ROU of RMB3,696,000 and RMB1,027,000, respectively, were recognised in the consolidated income statement (2021: nil).

If the forecast revenue growth rate had been lowered by 10 basis point for the machinery and equipment used in business operation for the forecasted projection period in the second to the eighth year, a further impairment of PPE and ROU of approximately RMB1,658,000 would have been resulted.

If the discount rate had been increased to 14% for the machinery and equipment used in business operation for the forecasted projection period in the second to the eighth year, a further impairment of PPE and ROU of approximately RMB1,890,000 would have been resulted.

For the solar power generating machinery and equipment, in estimating the present value of future net cash flows of the CGU, after considering the historical results, the prevailing price of electricity and government policies and the expected remaining useful lives of the relevant PPE, the management has made key assumptions and estimation on the financial forecasts with major assumptions such as estimated electricity generating from the solar power generating machinery and equipment of the remaining useful life as well as pre-tax discount rate of 12%. Accordingly, for the year ended 31 July 2022, impairment losses of PPE of RMB8,143,000 were recognised in the consolidated income statement (2021: nil).

If the forecast estimated electricity generated had been lowered by 40 basis point for the solar power generating machinery and equipment for the forecasted projection period, a further impairment of approximately RMB2,264,000 would have been resulted.

If the discount rate had been increased to 14% for the solar power generating machinery and equipment for the forecasted projection period, a further impairment of PPE of approximately RMB3,453,000 would have been resulted.

Distribution Costs

Distribution costs for the financial year amounted to RMB3.21 million, representing a decrease of RMB2.69 million or 45.59% from RMB5.90 million in the previous financial year. The decrease in distribution costs was mainly due to the decrease in carriage outward.

General and Administrative Expenses

General and administrative expenses amounted to RMB34.69 million for the financial year, representing a decrease of RMB10.38 million or 23.03% as compared to RMB45.07 million for the corresponding financial year in 2021. The decrease was primarily due to lower human resources expenses of RMB4.98 million and legal and professional fee of RMB2.59 million during the financial year.

Finance Costs – Net

The net finance costs for the year decreased by 79.68% to RMB1.16 million (2021: RMB5.71 million). The significant decrease was mainly due to lower interest-bearing borrowings during the financial year.

Share of Net Profit of an Associate Accounted for Using the Equity Method

The Group's share of net profit of an associate accounted for using the equity method of RMB2.13 million (2021: RMB4.45 million) was solely attributed to profit recorded from its associate in Vietnam.

LIQUIDITY AND FINANCIAL RESOURCES

During the financial year, the Group financed its operations and investing activities mainly by means of internally generated operating cash flow, bank borrowings, loans from a director and lease liabilities. As at 31 July 2022, the Group had cash and cash equivalents and restricted bank balances of RMB74.61 million (2021: RMB91.63 million). 69.34%, 30.31% and 0.35% of cash and cash equivalents and restricted bank balances are denominated in United States dollars ("USD"), Renminbi ("RMB") and Hong Kong dollars ("HK$"), respectively.

As at 31 July 2022, the Group had outstanding loans from a director of RMB37.41 million (2021: interest bearing borrowings of RMB89.85 million). The total borrowings including lease liabilities and loans from a director were denominated in USD (54.07%) and HK$ (45.93%), and the maturity profile is as follows:

Repayable	**As at 31 July 2022**		As at 31 July 2021	
	RMB million	**%**	RMB million	%
Within one year	–	–	53.84	59.92
After one year but within two years	**37.41**	**100.00**	36.01	40.08
Total borrowings including lease liabilities and loans from a director	**37.41**	**100.00**	89.85	100.00
Cash and cash equivalents and restricted bank balances	**(74.61)**		(91.63)	
Net cash and cash equivalents and restricted bank balances	**(37.20)**		(1.78)	

As at 31 July 2022, the total net cash and cash equivalents and restricted bank balances of the Group recorded at RMB37.20 million (2021: RMB1.78 million), representing 10.09% (2021: 0.36%) of total assets and 12.32% (2021: 0.51%) of total equity.

The Group monitors its capital on the basis of its gearing ratio. The gearing ratio is calculated as the Group's net borrowings at the end of the financial year divided by total capital at the end of the financial year. Net borrowings of the Group is calculated as its total borrowings including lease liabilities and loans from a director less cash and cash equivalents and restricted bank balances. Total capital is calculated as total equity attributable to owners of the Company plus net borrowings including lease liabilities and loans from a director. Gearing ratio was not presented as the Group was at a net cash position as at 31 July 2021 and 2022.

As at 31 July 2022, the Group's net current assets were RMB105.09 million (2021: RMB91.93 million). As at 31 July 2022, there were no bank facilities available to the Group (2021: 23.90 million) for working capital purposes.

CAPITAL STRUCTURE

As at 31 July 2022, the Group's total equity attributable to owners of the Company was RMB301.96 million (2021: RMB350.80 million). Total assets of the Group amounted to RMB368.54 million (2021: RMB491.96 million), 60.94% (2021: 58.46%) of which comprised property, plant, equipment and right- of-use assets.

CHARGES ON GROUP ASSETS

As at 31 July 2022, no assets of the Group were pledged to secure loan and trade financing facilities for the Group (31 July 2021: RMB64.26 million).

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not conduct any significant investments, material acquisitions or disposals. The Group has been streamlining its operation over the years with an aim to improve the Group's financial position by adopting a light asset operation and lower geared structure and higher liquidity. As at the date of this Annual Report, the Group does not have any concrete plan for material investments or capital assets.

SIGNIFICANT INVESTMENTS HELD

During the financial year, the Group did not hold any significant investment in equity interest in any other company.

CONTINGENT LIABILITY

The Group does not have material contingent liability as at 31 July 2022.

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to foreign currency risk primarily through sales, purchases and borrowings that are denominated in currencies other than the functional currency of individual group entities. The currencies giving rise to the risk was primarily USD.

During the financial year, the Group has made net foreign exchange gains of RMB1.41 million (2021: net losses of RMB1.99 million) mainly due to the unrealised and realised foreign exchange gain.

Most of the Group's sales transactions are denominated in RMB and USD and certain payments of the Group were made in RMB and USD. In view of fluctuation of the RMB against the USD during the financial year, the Group was exposed to foreign currency risk primarily in respect of trade receivables and cash and cash equivalents denominated in USD.

As at 31 July 2022, if RMB had weakened/strengthened by 5% against USD, with all other variables held constant, post-tax loss for the year would have been approximately RMB1,443,000 lower/higher (2021: post-tax loss for the year would have been approximately RMB1,033,000 lower/higher), mainly as a result of foreign exchange gains/losses on translation of financial assets and liabilities denominated in currencies other than the functional currency of the respective group entities.

As at 31 July 2022, if RMB had weakened/strengthened by 5% against HK$, with all other variables held constant, post-tax loss for the year would have been approximately RMB762,000 higher/lower (2021: post-tax loss for the year would have been approximately RMB641,000 higher/lower), mainly as a result of foreign exchange losses/gains on translation of financial assets and liabilities denominated in currencies other than the functional currency of the respective group entities.

The Group will continue to monitor the Group's foreign currency risk exposure and to ensure that it is kept at an acceptable level.

EMPLOYEES AND REMUNERATION POLICY

As at 31 July 2022, the Group had a total of 253 employees (2021: 490). During the financial year, the Group did not make significant changes to the Group's remuneration policies. Human resources expenses of the Group (excluding the Directors' remuneration) for the financial year amounted to RMB35.43 million (2021: RMB58.74 million). The decrease in human resources expenses was mainly due to the decrease in the number of employees during the financial year. The Group's remuneration package is updated on an annual basis and appropriate adjustments are made with reference to prevailing conditions of the human resources market and the general outlook of the economy. The Group's employees are rewarded in tandem with their performance and experience. The Group recognises that the improvement of employees' technical knowledge, welfare and wellbeing is essential to attract and retain quality and dedicated employees in support of future growth of the Group.

PRINCIPAL RISKS AND UNCERTAINTIES

(i) Economic climate and individual market performance

The impact of economic conditions on consumer confidence and buying habits would affect sales and results of the Group. The economic growth or decline in our geographical markets that affected consumer spending on our products would also affect our business. The Group continues to implement its strategies to develop and strengthen penetration of different geographical markets thereby reducing its dependency on specific markets.

(ii) Loss of key individuals or the inability to attract and retain talent

Lack of appropriately skilled and experienced human resource could result in a delay in achieving the Group's strategic goals. The risk of the loss of key personnel is mitigated by regular reviews of recruitment and retention practices, remuneration packages and succession planning within the management team.

(iii) Financial risks

The Group is subject to foreign exchange risk, credit risk, liquidity risk, cash flow and fair value interest-rate risk. Details of the financial risks of the Group during the financial year are set out in note 3 to the consolidated financial statements of the Group.

THE COVID-19 PANDEMIC'S IMPACT

The outbreak of COVID-19 has expanded globally and the prevention and control measures to combat the disease have continued to be implemented by different countries. The Directors will continue to closely monitor the development of the COVID-19 and assess its impact on the financial position, and operational results of the Group. At present, the Group does not foresee any material change in its exposures to credit risk and liquidity risk. The Group has remained to be financially stable as at 31 July 2022 and experienced no material recovery problem.

EVENTS AFTER THE REPORTING DATE

There were no other significant events affecting the Company nor any of its subsidiaries after the reporting date as at 31 July 2022 requiring disclosure in this Annual report.

Environmental, Social and Governance (ESG) Report

ABOUT THIS REPORT

This Report outlines the Environmental, Social and Governance ("ESG") performance of V.S. International Group Limited (the "Group") with its philosophy, approach and achievements to create value for the stakeholders during the financial year ended 31 July 2022.

The scope of this report covers the Group's key business operations in Hong Kong and Zhuhai, which encompasses the manufacturing and the sale of plastic moulded products and parts, assembling of electronic products, moulds design and fabrication. The report is prepared in accordance with the ESG Reporting Guide as set out in Appendix 27 to the Listing Rules.

The Group gives credence to that sustainability is key to its business success and a business approach to creating long-term value. The Group's sustainability strategy is deeply rooted within its corporate value and in line with the Group's key principles. The Group's Corporate Social Responsibility ("CSR") Policy, reaffirming its commitment to sustainable growth, has been implemented across various functions and business units.

The Board tackles key ESG issues both at the Group and business levels. The Board oversees the overall direction of the Group's ESG strategy and development; the business units set up individual ESG programmes that are aligned with their nature and scale of operation. ESG performance is quantified, reviewed, analysed and reported to senior management on a regular basis to reinforce senior management oversight and drive continuous improvement.

Reporting Boundaries

The Group adopted the 'financial control' approach to define its organisation boundary for calculating environmental and social performance. The reporting boundary is defined to be performance of the Group's factories in the PRC covering the period within the calendar years of 2021 and 2022. Thus, the report provides an overview of our ESG management approach, related initiatives and environmental performance indicators during the period of 1 August 2021 to 31 July 2022.

BOARD STATEMENT

The Board of Directors have committed to responding to the evolving needs of sustainable development of our business and all the stakeholders. The Board has acknowledged the increasing economic and social challenges in the post COVID-19 epidemic situation and has prioritised sustainability practices by actively integrating ESG systems in every key business decision. The Board has the responsibility to lead its ESG strategy and reporting and to oversee our management approach to keep monitoring ESG issues.

The Board regularly evaluates and determines its ESG related risks and ensures that appropriate and effective ESG risk management and internal control systems are in place. Our approach to green production goes beyond reducing business risks to a value-adding endeavour to develop sustainably on a long-term basis. To guarantee the effectiveness of these management approach and control systems, the Board has regular meetings and discussion over the practice outcomes, as well as progress made against relevant ESG-related goals and targets during the year ended 31 July 2022.

Climate change is at the top of the global agenda recently. Governments have successively committed to achieving carbon neutrality. For example, Mainland China aims to be carbon neutral by 2060, while Hong Kong has pledged to become carbon neutral by 2050. The transition to a low-carbon society will lead to significant investments and changes in market expectations. Responding to such megatrends and our stakeholders' interest and expectations, Management is taking steps to review and monitor the Group's greenhouse gas emissions and setting reduction targets accordingly.

In recent years, the Group has invested in renewable energy and installed solar panels to satisfy our energy consumption demand sustainably. Our goal is to maximize our solar energy consumption of the total electricity consumed in the Group's production. The Group also set an integrated management system to leverage operating efficiency across entire production lines to strengthen product quality, reduce waste, and foster continuous growth of employees' working capacity.

The Board attaches great importance to employees' diversity and inclusion, health and safety, benefits, and personal development. The Group adheres to "People first" principle and sets forth rigorous standards to secure employees' health and safety. Employees can find a diverse and inclusive working and living community that embraces all the cultures and beliefs.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENTS

The Group proactively engages stakeholders in transparent and timely discussions in regard to essential ESG issues at industry, market, and social level. From the Group level to individual business unit level, we gather information to obtain better understanding of what ESG issues matter the most to our stakeholders, and what we should do to tackle their pain points in ESG related topics. Given our role as an integrated manufacturing services supplier and one-stop customer solution provider, the Group interacts with a variety of stakeholders, including employees, customers, regulators, suppliers, shareholders, and local communities, through staff meetings, customer service channels, annual general meetings, community services etc. on a regular basis. This helps gauge the expectations of the Group's key stakeholders and collect feedback from them to guide the Group in formulating and strategizing its ESG management. The disclosures in this ESG report have reflected and prioritised the key interests and concerns of these key stakeholders during the reporting period, as obtained from the stakeholder engagement activities.

ENVIRONMENTAL PROTECTION

The Group takes initiatives in response to carbon neutrality goal set by the governments and operates in an environmentally responsible way to reduce emission, improve resource efficiency, and adhere to major international and local environmental legislations.

Emissions

The Group has put an environmental management system that is in line with international and local standards into operation for maintaining green production in the factory facility. It has become certified under ISO14001:2015 during the reporting period which remained valid subject to satisfactory surveillance audits. Committed to reducing air emissions, we have introduced and actively applied emission control measures in our operations across all production lines. For example, filtering devices such as those with activated carbon are used for absorbing toxic gas emitted from the soldering process to avoid direct emission into the atmosphere. Those endeavours have made the Group reputable for green production, and these have become strategic partners with many of our clients for sustainability purposes.

A robust waste management control procedure has been adopted across the Group's businesses to enable effective identification, segregation, and handling of hazardous and non-hazardous waste. Hazardous waste generated from the manufacturing processes such as organic solvents are transferred by licensed vendors to the government-designated chemical waste processing facility. Records of hazardous waste transfer are documented and retained for a minimum of three years.

The Group's waste management procedure advocates the "5Rs" principles, emphasising "Replace, Reduce, Reuse, Recover and Recycle". Examples of the Group's innovative waste management solutions include redesigning the used metal mould tooling for the production of new products, as well as reusing and recycling of residual plastics for packaging. The lean manufacturing methodology is also deployed in the production floor to increase productivity by reducing waste.

Use of Resources

The Group keeps on formulating energy-saving agenda and promotes the use of green energy and renewable sources for the ultimate goal of energy and carbon reduction. Electricity consumption accounts for majority of the Group's energy resource use and greenhouse gas emissions.

The Group has appointed a team of independent third-party specialists to perform periodic energy audits, in order to identify opportunities for alternative energy source adoption and long-term cost saving benefits. To date, over RMB80 million has been invested in developing renewable energy – solar energy. During the reporting period, the solar panels generated over 8,773,148 kWh of electricity, of which 1,757,993 kWh (2021: 2,832,916 kWh) was consumed in the Group's production process, the remaining 7,015,155 kWh of electricity was sold to the local power grid. Currently, solar energy provides about 20% of the total electricity consumed in the Group's production process.

In addition, a variety of energy-efficiency measures have been implemented across all business units and departments. These include, for example, shifting to more energy efficient LED lighting, setting air-conditioning temperature at 26 degrees Celsius or above, and putting up signage at common areas and their workstations to remind staff to save energy. The Group's senior managements have been continuously monitoring energy saving issues and include those issues in the regular meeting discussion agenda.

Except for electricity energy-efficiency measures, water conservation measures have also been adopted across operations of the Group. All business units and departments are responsible for monitoring the onsite water supply system and reporting and remediating any identified leakage on a timely basis. Although there is no issue in sourcing water, we still encourage employees to conserve water from an individual perspective, and find ways to use water more wisely in production to cultivate water-saving habits. During the year, the group has realized a decrease in water consumption and water consumption intensity; this demonstrates our water conservation management has been effective.

To promote green packaging, we provided our clients with options for environmentally friendly packaging solutions. These include biodegradable plastics for packaging and smart designs that reduce the use of non-recyclable packaging materials. Packaging materials are also included in our Hazardous Substance Free control scope, thus all packaging materials that contain hazards are detected and disposed before putting into use.

THE ENVIRONMENT AND NATURAL RESOURCES

The Group remains highly aware of its impacts on the climate and consumption of resources. It adheres to environmental policies and legislations closely, given our new accreditation with the Environmental Management System ISO14001:2015. The group is determined to continue reducing carbon footprint, integrate sustainable practices into the operations, and involve suppliers in the sustainability approaches.

In addition, the Group has consistently invested in making the facilities and equipment more resource-efficient. Stringent protocols are enforced at our production facilities to prevent accidental leakage and spillage of chemicals into the environment. Emergency planning and drills are performed to enhance employees' awareness of chemical management and business resilience.

As a responsible corporate citizen, the Group proactively monitors the production and procurement process to minimise adverse impacts to the environment. For instance, exposure to excessive ppm of hazardous substances such as Cr, Hg and their compound elements that are possibly mixed in the parts procured from suppliers can cause severe health damage to employees, and improper disposal of those substances can harm the environment and the ecosystem.

Fully acknowledging the severity of the impacts, the Group has implemented a Hazardous Substance Free ("HSF") control procedure (COP-058-D03) to avoid the parts being contaminated by hazardous substances and maintain green production for environment protection purposes.

Adhering to International Hazardous Substance Process Management System Requirements, QC080000, and all other environmental protection requirements from clients, we have included all the raw materials, accessories, packaging materials procured and all the products in the scope of control under HSF control procedure, which sets strict limits of ppm of hazardous substances listed under the Restriction of Hazardous Substances Directive and highlights usage and handling standards in the production process to prevent cross contamination. It also demonstrates the responsibilities of all business units and departments in coping with the HSF control.

An independent HSF control quality assurance team is committed to overseeing the HSF control procedure and maintaining an environmental quality assurance system. To ensure the proper implementation of the HSF control, the quality assurance team and the suppliers perform regular internal and external inspection of the control.

CLIMATE CHANGE

Due to increased human impact on climate change, climate risk has emerged and brought up more chances of extreme weather events facing our plants and facility. Those events increased the likelihood of tremendous business loss, even cessation of business.

To minimize life, property and financial losses, we formulated business contingency plans under different extreme weather scenarios of typhoon and flooding. Especially not to affect the production process due to loss of energy supply caused by the extreme weather, the Group will ensure reliable energy supply from our solar panel system to maintain operation under extreme weather and other disruptions triggered by climate change. The Board will keep monitoring the risks and opportunities given by climate change.

ENVIRONMENTAL PERFORMANCE DATA TABLE

Environmental Performance

	Unit	FY2020/21	FY2021/22
Emissions			
Nitrogen oxides (NOx) emissions	Kg	758	**700**
Sulphur oxides (SOx) emissions	Kg	1	**0**
Particulate Matter (PM) emissions	Kg	72	**70**
Greenhouse gas (GHG) emissions			
Total greenhouse gas (GHG) emissions	Tonne CO_2e	7,219	**4,049**
Direct GHG emissions (scope 1)	Tonne CO_2e	486	**303**
Indirect GHG emissions (scope 2)	Tonne CO_2e	6,733	**3,746**
Waste Generated and Recycled			
Total hazardous waste	Tonne	4	**2**
Total non-hazardous waste produced	Tonne	163	**64**
Use of Resources			
Energy Consumption			
Total energy consumption	kWh	14,803,567	**8,671,364**
Total energy consumption intensity by revenue	kWh/Revenue RMB'000	57.78	**71.43**
Direct energy consumption			
Total direct energy consumption	kWh	3,816,502	**2,651,268**
Direct energy consumption by type			
Gasoline/Petrol	kWh	96,593	**110,745**
Diesel	kWh	808,973	**773,981**
LPG	kWh	78,020	**8,549**
Renewable energy	kWh	2,832,916	**1,757,993**
Indirect energy consumption			
Total indirect energy consumption	kWh	10,987,065	**6,020,096**
Indirect energy consumption by type			
Purchased electricity	kWh	10,987,065	**6,020,096**
Water consumption			
Total water consumption	m^3	335,182	**201,163**
Water consumption intensity by revenue	m^3/Revenue RMB'000	1.31	**1.66**
Packaging material used			
Total packing material	Tonne	1,021	**309**
Total packing material intensity by revenue	Tonne/Revenue RMB'000	0.00	**0.00**

Note: GHG emissions data for both years were calculated based on emissions factors with reference to sources including the Stock Exchange of Hong Kong's "How to Prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs", the Hong Kong SAR Government's Environmental Protection Department and the Electrical and Mechanical Services Department's "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong", the Greenhouse Gas Protocol's Emission Factors for Cross Sector Tools, the OECD and IEA's "CO2 Emissions from Fuel Combustion", the EPA's "Emission Factors for Greenhouse Gas Inventories" and the IEA's "Energy Statistics Manual".

EMPLOYMENT AND LABOUR PRACTICES

Employment

The Group's core value is placing the people in the first place. It is believed that people is the Group's greatest asset. Maintaining a safe, caring, inclusive and respectful culture among all people, providing favourable working and living environment, and encouraging employees' personal development and success would at the same time maintain the Group's competitiveness. We value the efforts made by each of our employees and their contributions to the Group's consistent delivery of quality solutions to customers, as well as sustaining the continuous business growth.

The Group's human resources policies have thus been established to stipulate relevant practices in recruitment, dismissal, promotion, working hours, holidays, equal opportunities, and compensation benefits. Employees are provided with a competitive remuneration package including social insurance and housing provident funds. We provide remuneration up to industry's standards and make solid efforts to minimise income gap. Our remuneration package follows Zhuhai Government's minimum wages requirement, meanwhile, we recommend reasonable working hours to our employees, and if overtime is needed, we have policies in place to secure reasonable overtime payments. To bring convenience to employees and to cater for those in need, the Group provides free healthy meals for breakfast, lunch and dinner at the canteen for employees of all grade levels, and provides dormitories, where needed, for staff at the factory. The Group also organised various recreational activities, such as a monthly birthday celebration, spring festival dinner and basketball competitions to promote a work-life-balance culture within the organisation. In November 2019, our team was awarded "Best team of the Year" in the basketball competition of Zhuhai High-tech Zone, which recognizes the spirit of teamwork within departments. Those competitions and activities are important components of our employee care programs to promote work-life balance and an inclusive workplace culture.

With businesses that highly depend on people, the Group has put "Respect for Individuals" and "Treat all Individuals Fairly" in its value system. We're committed to embracing diversity as well as providing equal opportunity and a collaborative workplace. The Group strictly enforces anti-discrimination policy and has zero tolerance for harassment in any forms. All employees are assessed, hired, and promoted based on their capabilities, regardless of their age, gender, nationality, religion, cultural background, sexual orientation, etc. An example of the Group's commitment to promoting equal opportunity is the recruitment of racial and ethnic minorities to support racial diversity and inclusion in the workplace. As the first business in Zhuhai to employ such a large number of Muslim staff members, the Group has made multiple efforts to respect the religious belief of these employees in various ways. A halal kitchen managed by a Muslim cook has been set up and a separate dining area for Muslim employees has been arranged. Additional holidays are also provided to these employees for celebration of Islamic festivals, with designated praying space reserved at the factory.

Health and Safety

As an integrated manufacturing service provider, the Group regards the health, safety, and wellbeing of the employees as the top priority. Committed to providing its people with a safe working environment, the Group adheres to applicable local laws and regulations as well as internationally recognised standards such as OHSAS 18001 – certified Occupational Health and Safety Management Systems. In addition to its focus on regulatory compliance, the Group invests strategically in technology to improve occupational health and safety at manufacturing plants. For example, the Group has proactively invested in automating the production process at the Group's facility in order to reduce manual workload and hence reduce associated safety risks.

Our occupational health and safety procedures provide employees with methodologies and tools to effectively identify hazards and assess the associated risks. A Safety Committee has also been established to handle work injury cases, monitor the maintenance of fire equipment as well as organise regular fire safety training. Our extensive safety training programmes equip our employees with the adequate awareness and knowledge to carry out their jobs safely. All-rounded health and safety initiatives have been running effectively which has fostered employee satisfaction.

During the Covid-19 epidemic, the Group strictly aligns with government's prevention and control policies and regulations, and performed precautionary measures to protect the health and safety of the employees. To minimize the risk of cross infection due to high residential density, we enhanced our health measures regarding the living environment and space for the staff quarter. For example, an advanced gate security system is in place to safeguard the complex. In addition, deep disinfection cleaning is conducted in the working and living areas on a timely basis, and specific measures in health surveillance, quarantine and isolation treatment, and healthcare training are in place to ensure that staff are staying alert to the situation and working in safe environments. Also, employees are provided with health guidance and advice on the prevention of pneumonia and respiratory tract infection. These guidance include the wearing a mask, maintaining appropriate social distance (at least 1 metre), and disposing of used masks properly.

Chinese government has called for not making unnecessary travelling during the Chinese New Year period. The Group has followed the government's prevention suggestion that special bonus will be paid if the employee stays in Zhuhai during the lunar holiday period. Also, employees are provided with boxes of masks and health guidance and advice on the prevention of pneumonia and respiratory tract infection.

Development and Training

Facing the opportunities and challenges of the digital era, the Group has established a learning and developing environment open to all the employees who strive to be successful in the future. We also consider employees' individual success an accomplishment of our business, provided that their improvement will collectively enable premium quality services and increase our competitiveness in the industry and market.

Both on-boarding training and regular job training are intended to foster our employees' continuous learning experiences. On-boarding and orientation programmes are in place to help new empolyees better understand corporate culture and adapt to their positions quickly. A series of training courses have been arranged for existing employees, with an aim to enhance their technical and soft skills. These courses cover a wide range of topics including business knowledge, personal development, business conduct and ethics, health and safety, as well as sustainable development. For example, a plastic moulding technician assessment scheme was launched to provide tailor-made evaluation for assessing and developing plastic moulding technicians. The Group stipulated minimum training hours requirement for all employees. For example, we require a minimum of 24 hours training for newly joined employees on plant safety and operation knowledge and a minimum of 8 hours for existing production employees to refresh the knowledge and introduce new skills. During the reporting period, the average training hours for each staff is over 12 hours. Furthermore, the employees are entitled to corporate sponsorship and support to attend not only training events hosted internally at the Group and at local external organisations, but also those held overseas. This helps encourage employees to pursue new knowledge and undertake life-long learning.

Trainings and guidelines on prevention of COVID-19 are provided to employees so that they uphold and maintain appropriate hygiene standards and are competent to perform their duties in a safe and healthy manner at the workplace. The training outlines a series of preventive measures to minimise potential risks of virus transmission, which include clinical features, mode of transmission and incubation period, the proper use of mask, etc. It provides step-by-step procedures for wearing masks, monitoring of body temperature, and performing hand hygiene. The training ensures the employees keep high awareness of the virus and maintain good personal hygiene as well as build up good body resistance.

To better operate and pursue continual improvement of our training programme, the Group's management establishes annual plan of training and keeps track of the implementation of such plans. The Group regularly reviews the adequacy and quality of our training resources. Feedback is solicited from employees to enhance training quality.

Labour Standards

Employment of child and forced labour is strictly prohibited in any of the Group's operations, and the Group's suppliers are expected to conform to the same standards. The Group extends its responsibilities beyond mere compliance with relevant laws and regulations to providing employees with quality working conditions. Robust mechanisms for prevention, surveillance, and reporting of practices involving child, forced or compulsory labour are in place. Policies and procedures on labour practices have been established in line with international good practices.

OPERATING PRACTICES

Supply Chain Management

As a manufacturing service provider with heavy reliance on its supply chain, the Group views its suppliers as strategic business partners and strives to forge and maintain close and stable relationships with them to achieve the sustainable development.

The Group's supplier evaluation and selection procedure manual standardises requirements on all supplier selection, evaluation, and management. Suppliers' ESG performance is one of the prime consideration factors in our selection process. The assessment results are reviewed and authorised by the Group's management.

Selected suppliers are subject to ongoing monitoring and annual evaluation for quality assurance. For example, the Group's HSF control procedure outlines mandatory testing procedures on procured materials from suppliers, and the suppliers are required to go through inspection if hazards are found in the supplied materials. The Group also works closely with them to meet other ESG requirements, such as pursuing the wellbeing of their employees, and assist them in applying the requirements. If a supplier fails to achieve the requirements of the Group and does not undertake effective and timely remedial actions, the Group may cease to source products or services from the vendor in the future.

Product Responsibility

With our customer base covering many different countries across multiple continents, the Group attaches great importance to the quality of its products and services. We believe that being highly responsible for product and service quality is key to fulfil stakeholders' interest and expectations, and thus maintain our competitiveness in the industry and market.

An integrated quality, environmental and health management system has been implemented to ensure that the solutions which the Group provides meet the requirements, needs and expectations of its customers and end users. The Group has established procedures to govern quality assurance and control in every process of manufacturing, from raw material procurement, to production of semi-finished products, to packaging of finished goods. The Group's products are made to meet the respective health and safety requirements of the target markets.

The Group's professional staff are well trained and skilled in handling customer enquiries and complaints. Customers can access various channels such as our hotline and email to request information or submit complaints. Complaints received are followed up and resolved in a timely manner by designated professionals. The Group keeps an open mind to customer suggestions to guide continuous improvements in its products and services.

The Group proactively manages customer satisfaction. We have implemented a customer satisfaction management procedure (COP-018-C04) for the purpose of enhancing quality of our products and services periodically per feedbacks collected from the customers. Through various channels open to customers, the feedbacks are then proceeded to be quantified, analysed and transformed to be enhancement plans applying to different departments respectively. Customer feedbacks are also quantified to be key performance indexes in the corresponding business units, and they are required to perform at an optimal level set by the management.

We have established the recall procedures in our unqualified material and product policy for any faulty products which are delivered. Products will be traced, recalled and replaced. Investigation for the bad quality will be conducted and improvements will be made in future production.

To provide customers with product information that is accurate and complete, and to protect them from dangers brought by improper use of the products, the Group has adopted standardized procedures for advertising and labelling of products that align with the regulatory requirements of the target markets.

As we collect various customer data to support our business, privacy and confidentiality is another topic we take seriously. The Group's policies and procedures in place require all employees to treat customer data and sensitive business information with care. Where needed, confidentiality and non-disclosure agreements will be signed prior to doing business with the customer. Access to customer data is limited to authorised personnel only.

The Group treasures our own research and development. Intellectual property ("IP") rights have been observed and protected by our Intellectual Property Maintenance and Control policy. We are cautious about handling designs, and strictly comply with patent requirements and royalty in adoption. Similarly, we defend our IP rights by registration and other confidential measures.

In light of growing concerns in data privacy and cybersecurity, and an increasing level of digitalisation of communication, the Group has established a Computer Information System Management policy which sets out requirements to protect business secrecy and customer data privacy in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of The Laws of Hong Kong), the Corporate Finance Consultant Code of Conduct and other relevant local laws. Our data privacy policies and requirements are communicated to all employees through a variety of channels including staff meetings and training courses to keep high awareness of customer data privacy and protection.

Anti-corruption

During the financial year, the Group was not aware of any litigation arising out of the violation of laws or regulations against corruption, bribery, fraud, and money laundering, such as Law of the PRC on Anti-money Laundering (中華人民共和國反洗錢法) and the Prevention of Bribery Ordinance (Chapter 201 of The Laws of Hong Kong). We uphold high standards of business ethics, conduct and integrity and stand against any forms of bribery, extortion, fraud and money laundering.

The Group strictly prohibits all employees, either directly or indirectly, from soliciting or receiving any gifts, rewards or advantages from any business associates. An anonymous whistle-blowing system is in place to encourage the reporting of misconduct. Regular training about anti-bribery is conducted every year for all staff.

In addition, suppliers and customers are required to comply with the Code of Conduct and Anti-corruption Policy to ensure that the Group's business partners uphold the same ethical standards as the Group does. A corruption risk assessment is conducted prior to the acceptance or continuance of a business relationship with any supplier or customer.

Community Investment

Looking forward to a sustainable future of our society, the Group is taking actions to give back to the community in every possible way. Committed to making a more harmonious, prosperous, and inclusive community, the Group leverages its resources to support various social welfare activities and facilitate the creation of society for the common good.

V.S. Charitable Foundation, recognised by the local government of the PRC and listed on the Zhuhai Charity Federation website, aims to raise funds in support of those in need. Over the years, donations were made through the Foundation to various organisations supporting the elderly, educational institutions, and families living in poverty. In 2022, the Group donated funds to support Zhuhai Jinding 1st Elementary School in providing enhanced education environment for the students. The Group also donated RMB10,000 to Zhuhai Charity Federation to support various charitable initiatives in Zhuhai.

The Group encourages its employees to actively participate in various community services. During the year, the Group continued to collaborate with Hong Kong Zhuhai Commerce Association and Zhuhai Red Cross to organise a voluntary blood donation event in the factory. In 2021, employees in the factory participated in the voluntary blood donation event during the hardship of COVID-19. Going forward, the Group will continue to support the community by engaging more employees to take part in community services.

REGULATORY COMPLIANCE

The Group recognises the importance of regulatory compliance and has established respective preventive, monitoring and control measures to ensure compliance with relevant laws and regulations. Regulatory frameworks within which the Group operates are analysed and monitored, while internal policies are prepared and updated accordingly. Tailor-made workshops are also conducted where necessary so as to strengthen the awareness and understanding of the Group's internal controls and compliance procedures.

The Group observes closely the laws and regulations relevant to our businesses and makes full efforts in meeting regulatory compliance. During the reporting period, the Group was not aware of any non-compliance with laws and regulations that have had a significant impact on the Group relating to environmental protection, employment, and labour and operating practices.

SOCIAL PERFORMANCE DATA TABLE

Social Performance

	Unit	FY2020/21	FY2021/22
Employee Profile			
Total workforce	No. of people	490	**253**
Total workforce by employment type			
Full-time	No. of people	490	**253**
Part-time	No. of people	–	**–**
Total workforce by gender			
Male	No. of people	242	**130**
Female	No. of people	248	**123**
Total workforce by rank			
General staff	No. of people	466	**233**
Middle management	No. of people	13	**12**
Senior management	No. of people	11	**8**
Total workforce by age group			
18 – 29	No. of people	51	**11**
30 – 39	No. of people	109	**52**
40 – 49	No. of people	210	**116**
50 – 59	No. of people	115	**70**
60 or above	No. of people	5	**4**
Total workforce by geographical location			
Mainland China	No. of people	484	**248**
Other regions in Asia	No. of people	6	**5**

Social Performance

	Unit	FY2020/21	FY2021/22
Employee Turnover			
Employee turnover rate	%	63.30%	**50.20%**
Employee turnover rate by gender			
Male	%	68.53%	**48.41%**
Female	%	56.18%	**51.95%**
Full-time employee's turnover rate by age group			
18 – 29	%	86.68%	**75.00%**
30 – 39	%	66.25%	**52.29%**
40 – 49	%	50.93%	**42.29%**
50 – 59	%	41.33%	**50.70%**
60 or above	%	0.00%	**20.00%**
Employee turnover rate by geographical location			
Mainland China	%	63.42%	**50.60%**
Other regions in Asia	%	50.00%	**16.67%**

Social Performance

	Unit	2020	2021	2022
Occupational Health and Safety				
Work-related fatalities	No. of people	0	0	**0**
	Unit	**FY2019/20**	**FY2020/21**	**FY2021/22**
Lost day due to work injury#	No. of days	984	726	**98**

The lost day is calculated based on sum of the number of injuries * no. of days cannot attend to work.

Social Performance

	Unit	FY2020/21	FY2021/22
Development and Training			
Total workforce trained	No. of people	490	**253**
Employees trained by gender			
Male	No. of people (%)	242 (49.4%)	**130 (51.4%)**
Female	No. of people (%)	248 (50.6%)	**123 (48.6%)**
Employees trained by employee category			
General staff	No. of people (%)	466 (95.1%)	**233 (92.1%)**
Middle management	No. of people (%)	13 (2.7%)	**12 (4.7%)**
Senior management	No. of people (%)	11 (2.2%)	**8 (3.2%)**
Average training hours per employee by gender			
Male	Hours/employee	42	**12.57**
Female	Hours/employee	30	**12.74**
Average training hours per employee by employee category			
General staff	Hours/employee	37.05	**12.98**
Middle management	Hours/employee	24.46	**8.00**
Senior management	Hours/employee	4	**6.46**
Supply Chain Management			
Number of suppliers by geographical location			
Hong Kong	No. of suppliers	14	**10**
Mainland China	No. of suppliers	222	**129**
Countries/regions in Asia	No. of suppliers	2	**0**
Countries/regions in Europe	No. of suppliers	3	**1**
Other regions	No. of suppliers	3	**1**
Product Responsibility			
Percentage of total products sold or shipped subject to recalls for safety and health reasons	%	0.07%	**0.01%**
Number of products and service related complaints received	No. of complaints	8	**6**

Directors and Senior Management Profile

EXECUTIVE DIRECTORS

Mr. BEH Kim Ling, aged 64, is the chairman of the Company. Mr. Beh started his career in 1976 as a plastic moulding technician in Singapore. Three years later, Mr. Beh established VS Industry Pte Ltd. which was principally involved in the manufacturing of cassettes and video tapes parts in Singapore. In 1982, Mr. Beh, together with his wife, relocated the entire business operations of VS Industry Pte Ltd. from Singapore to Johor Bahru, Malaysia and set up V.S. Industry Berhad ("VS Berhad") in Johor Bahru, Malaysia. Mr. Beh has been the executive chairman of VS Berhad since then. With the vast experience in the plastic moulding injection business gained in Singapore and Malaysia, Mr. Beh founded the Group's business in the PRC in 1997. Mr. Beh has been appointed as an executive Director since 5 November 2001.

In November 2003, Mr. Beh received Honorary Doctorate from the Honolulu University in Hawaii, the United States of America. In recognition of his efforts and dedication, His Excellency, the Governor of Malacca conferred the Darjah Putra Seri Melaka ("DPSM") to him which carries the prestigious title of "Datuk" in December 2012. Currently, Mr. Beh focuses mainly on business development and formulation of the overall business strategy of the Group.

Mr. Beh is the brother-in-law of Mr. Gan Sem Yam and the father of Mr. Beh Chern Wei.

Mr. GAN Sem Yam, aged 66, is the managing Director. After completing his secondary education in 1975, Mr. Gan joined one of the shipyards in Singapore as an electrician. Mr. Gan joined VS Berhad in 1982 and was promoted to general manager and director of VS Berhad in February 1988. Mr. Gan was appointed as an executive Director on 16 July 2001.

In December 2012, in recognition of his efforts and dedication, he was conferred the DPSM which carries the prestigious title of "Datuk" by His Excellency, the Governor of Malacca. Mr. Gan is mainly responsible for the operations and daily management of the Group.

Mr. Gan is the brother-in-law of Mr. Beh Kim Ling and the uncle of Mr. Beh Chern Wei.

Mr. ZHANG Pei Yu, aged 84, has been with the Group since October 2000 and has been appointed as an executive Director since 5 November 2001. Prior to joining the Group, Mr. Zhang held various managerial positions with a number of large state-owned enterprises and government bureau in the PRC, including Shenyang Auto Mobile Manufacturing Factory, Shenyang Light Industry Bureau, Planning Economy Committee of Shenyang and Shenyang Jinbei Company. Mr. Zhang has gained substantial experience in corporate management and business development in the PRC.

Mr. Zhang is principally responsible for the corporate affairs of the Group in the PRC.

Mr. BEH Chern Wei, aged 36, was appointed as an alternate Director to Madam Gan Chu Cheng on 21 March 2015 and redesignated from an alternate Director to Madam Gan Chu Cheng to an executive Director on 16 December 2015. Mr. Beh graduated with a Bachelor of Science degree in Industrial Engineering from the State University of New York at Buffalo in 2006. Upon graduation, Mr. Beh served for a year in the business development division of VS Berhad, the parent company of the Company, whose subsidiaries are principally engaged in the manufacturing, assembly and sale of plastic moulded components and parts, and electrical products. After joining the Group, Mr. Beh served as a project manager and a business system manager in the Group's production facilities in Zhuhai, the PRC, whereby he took part in activities relating to management enterprise resource planning system, business development, sales and marketing, supply chain management, operational management and project and product development.

Mr. Beh currently is responsible for the financial management, information technology and supply chain management of the Group and is currently an executive director of VS Berhad, holding company of the Company which is listed on the Main Market of Bursa Malaysia.

Mr. Beh Chern Wei is the son of Mr. Beh Kim Ling and the nephew of Mr. Gam Sem Yam, an executive Director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. DIONG Tai Pew, aged 71, was appointed as an independent non-executive Director on 31 August 2002. Mr. Diong graduated with a Diploma in Commerce from Tunku Abdul Rahman College, Malaysia in 1976. Mr. Diong is a Chartered Accountant of Singapore and Malaysia. He is also a fellow member of the Chartered Tax Institute of Malaysia.

Mr. Diong is a practicing accountant and has more than 40 years of experience in audit and investigation work, taxation, merger and acquisition as well as business development. Mr. Diong is the founder partner of CA Diong, an accounting and consulting group in Singapore and Malaysia. He also served as the lead independent non-executive director of Hengyang Petrochemical Logistics Limited, a company listed on the Catalist of the Singapore Exchange.

Mr. Diong is currently an independent non-executive director and the chairman of the Audit and Risks Management Committee of VS Berhad, holding company of the Company which is listed on the Main Market of Bursa Malaysia.

Mr. TANG Sim Cheow, aged 63, was appointed as an independent non-executive Director on 30 September 2004. Mr. Tang graduated from the University of Malaya with a Bachelor of Accounting degree in 1984. He is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants, and a fellow member of the Chartered Tax Institute of Malaysia. Mr. Tang joined KPMG Kuala Lumpur upon graduation and was promoted to tax manager in 1988. In 1992, Mr. Tang was seconded to KPMG Johor Bahru to head the tax practice of the Johor Bahru Branch and was promoted to tax director in 1995. Since 2000, Mr. Tang operates his own accounting firm S C Tang & Associates, in Malaysia which provides assurance, tax and consultancy services.

Ms. FU Xiao Nan, aged 52, was appointed as an independent non-executive Director on 12 June 2015. Ms. Fu holds a master's degree in finance and has over 20 years of investment banking experience in the capital markets of the PRC. She has been a sponsor representative registered with China Securities Regulatory Commission since 2007.

Ms. Fu is currently a partner of Phoenix Investment Company, which was established in the PRC in March 2016. She joined Huatai United Securities Co., Ltd. in May 2011 and left in March 2016. Prior to joining Huatai United Securities Co., Ltd., Ms. Fu held senior management positions in various investment banks. From June 2008 to March 2010, Ms. Fu acted as an independent non-executive director of Blue Star Cleaning Co., Ltd. (now known as Chengdu Xingrong Environment Co., Ltd.), a company listed on the Shenzhen Stock Exchange (stock code: 000598). Since December 2012, Ms. Fu has also served as an independent non-executive director of the United Laboratories International Holdings Limited, a company listed on the Main Board of Stock Exchange (stock code: 3933).

SENIOR MANAGEMENT OF THE GROUP

Mr. CHONG Chin Siong, aged 55, is the corporate finance controller of the Group. Mr. Chong graduated from the University Science of Malaysia with a Bachelor of Management (majoring in finance and accounting) in year 1992. Prior to joining the Group in January 2009, Mr. Chong has gained more than 25 years of experience in internal audit, corporate finance and financial management in a number of public listed companies in Malaysia.

Mr. LOW Hang Vow, aged 49, is the operation finance controller of the Group. Mr. Low graduated from University of Malaya with a Bachelor of Accounting in year 1998 and joined the Group in June 2014. Mr. Low has gained more than 15 years of experience in relation to accounts, finance and taxation in Malaysia and the PRC.

Mr. LIEW San Kim, aged 59, is the general manager of V.S. Technology Industry Park (Zhuhai) Co., Ltd. and V.S. Industry (Zhuhai) Co., Ltd.. Mr. Liew graduated from Federal Institute of Technology with Diploma in electronics. Mr. Liew joined the Group in 2005 as a Quality Manager and was promoted to the present position in 2011.

Ms. ZHANG Ge, aged 52, is the human resources and administrative director of V.S. Technology Industry Park (Zhuhai) Co., Ltd. and V.S. Industry (Zhuhai) Co., Ltd.. Ms. Zhang joined the Group in May 2004 and was promoted to her current position in September 2011. Prior to joining the Group, Ms. Zhang served in large state-owned enterprises in the PRC. Ms. Zhang graduated from university and has gained more than 20 years of experience in relation to finance, human resources and administrative management in the PRC.

Corporate Governance Report

The Company is committed to maintaining a high standard of corporate governance and endeavours in following the code provisions ("Code Provisions") of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on Stock Exchange ("Listing Rules"). The Board considers such commitment is essential for the growth of the Group and for maximising the interest of the shareholders of the Company (the "Shareholders"). The Company regularly reviews its corporate governance practices to ensure that the latest development in corporate governance can be followed and observed.

CORPORATE GOVERNANCE PRACTICES

During the financial year, the Company had complied with the Code Provisions, except for the following provision.

According to Code Provision A.2.1 (re-numbered as C2.1 for financial years commencing on or after 1 January 2022) under the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Beh Kim Ling and Mr. Gan Sem Yam are the chairman and the managing director of the Company respectively. Mr. Beh Kim Ling, in addition to his duties as the chairman of the Company, is also responsible for the strategic planning and overseeing all aspects of the Group's operations. This constitutes a deviation from Code Provision A.2.1 (re-numbered as C2.1 for financial years commencing on or after 1 January 2022) as part of his duties overlap with those of the managing Director, who is in practice the chief executive. As the founder of the Group, Mr. Beh Kim Ling has extensive experience and knowledge in the core business of the Group and his duties for overseeing the Group's operations is clearly beneficial to the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group. Going forward, the Board will periodically review the effectiveness of this arrangement.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted on 30 September 2004 its securities dealing code ("SD Code") regarding the dealings of securities of the Company by the Directors and senior management of the Group, on terms no less exacting than the required standard under the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.

The Company has made specific enquiry on all Directors regarding the dealings of securities of the Company and the Directors have confirmed that they have complied with the SD Code and Appendix 10 to the Listing Rules throughout the financial year ended 31 July 2022.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company and oversees the Group's overall strategic policies. The management is delegated the authority and responsibility by the Board for the management of the Group. The Board is currently composed of four executive Directors namely Mr. Beh Kim Ling as the chairman, Mr. Gan Sem Yam, Mr. Zhang Pei Yu and Mr. Beh Chern Wei and three independent non-executive Directors, namely Mr. Diong Tai Pew, Mr. Tang Sim Cheow and Ms. Fu Xiao Nan. The biographical details of the Directors are set out under the section headed "Directors and Senior Management Profile" of this Annual Report. All Directors are subject to retirement by rotation and may offer themselves for re-election at the annual general meeting of the Company in accordance with the provisions of the Company's articles of association.

The Board meets regularly to review and determine the corporate strategies and overall strategic policies. Each of the members of the Board has full access to relevant information at the meetings. During the financial year ended 31 July 2022, the Board has convened four meetings at which, among other things, the following activities were conducted:

(1) approved the annual report for the financial year ended 31 July 2021 and matters to be considered at the 2021 annual general meeting;

(2) reviewed and approved corporate strategies of the Group for the financial year ending 31 July 2023;

(3) approved the interim results for the six months ended 31 January 2022;

(4) approved the announcements of the Company in relation to, among others, certain unaudited financial information of the Group provided to V.S. Industry Berhad for the compilation of its quarterly report for the three months ended 31 October 2021 and for the nine months ended 30 April 2022 respectively; and

(5) approved connected transaction of the Group.

The Board is also responsible for determining the Company's corporate governance policies and performing corporate governance duties set out under the CG Code. Its corporate governance duties include, among others, (i) to develop and review the Company's policies and practices on corporate governance; (ii) to review and monitor the training and continuous professional development of Directors and senior management; (iii) to review and monitor the Company's policies and practices on compliance with legal or regulatory requirements; (iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; (v) to review the Company's disclosure in the ESG Report; and (vi) to review the Company's disclosure in the Corporate Governance Report.

During the financial year, the Board has not held any meeting in relation to its corporate governance functions.

Apart from the regular board meetings, the Board met on other occasions when a board-level decision on a particular matter was required.

Details of the Directors' attendance records at the board meetings during the financial year ended 31 July 2022 are as follows:

	Attendance
Executive Directors	
Mr. Beh Kim Ling *(chairman)*	4/4
Mr. Gan Sem Yam	4/4
Mr. Zhang Pei Yu	4/4
Mr. Beh Chern Wei	4/4
Independent non-executive Directors	
Mr. Tang Sim Cheow	4/4
Mr. Diong Tai Pew	4/4
Ms. Fu Xiao Nan	4/4

Whilst the Board as a whole is to determine the corporate strategies and overall strategic policies, the executive Directors and senior management of the Company, as delegated by the Board, are responsible for implementing the determined strategies and policies and the day-to-day management of the Group's business.

Details of the Directors' attendance records at the annual general meeting of the Company, being the only general meeting held during the financial year ended 31 July 2022, are as follows:

	Attendance
Executive Directors	
Mr. Beh Kim Ling *(chairman)*	1/1
Mr. Gan Sem Yam	1/1
Mr. Zhang Pei Yu	0/1
Mr. Beh Chern Wei	1/1
Independent non-executive Directors	
Mr. Tang Sim Cheow	1/1
Mr. Diong Tai Pew	0/1
Ms. Fu Xiao Nan	0/1

Save as disclosed under the section headed "Directors and Senior Management Profile" of this Annual Report, there is no other relationship (whether financial, business, family or other material/relevant relationships) among the members of the Board.

The Company has received from each of the independent non-executive Directors a written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors to be independent despite the fact that each of Mr. Diong Tai Pew and Mr. Tang Sim Cheow has served as an independent non-executive Director for more than nine years.

INSURANCE ARRANGEMENT

According to Code Provision A.1.8 of the CG Code, an issuer shall arrange appropriate insurance cover in respect of any legal action against its directors. During the financial year ended 31 July 2022, the Company has arranged liability insurance for its Directors and senior management.

DIRECTORS' TRAINING

Pursuant to Code Provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Company shall be responsible for arranging suitable training for all Directors at the Company's expense.

During the financial year, the Company has organised a training session conducted by qualified professionals in relation to the updates of Code on Corporate Governance to ensure that the Directors fully understand their responsibilities, roles, functions and duties as Directors under the Listing Rules and other applicable laws and regulations. Each of Mr. Beh Kim Ling, Mr. Gan Sem Yam and Mr. Beh Chern Wei attended such training session. Mr. Zhang Pei Yu, Mr. Tang Sim Cheow, Mr. Diong Tai Pew and Ms. Fu Xiao Nan attended other professional training sessions separately.

NOMINATION COMMITTEE

The nomination committee of the Company ("Nomination Committee") currently consists of three members, comprising two independent non-executive Directors, namely Mr. Diong Tai Pew (chairman) and Mr. Tang Sim Cheow, and one executive Director, namely Mr. Beh Chern Wei. It was established by the Board with effect from 24 March 2012 and its duties are clearly defined in its terms of reference which have been prepared and adopted according to the Code Provisions.

The Nomination Committee reviews regularly the structure, size and composition of the Board and may make recommendations to the Board on the nominees for appointment as directors for their consideration and approval. To enhance the quality of the performance of the Board and to achieve diversity on the Board, the Board adopted on 30 August 2013 its board diversity policy ("Board Diversity Policy"), pursuant to which (i) differences in the skills, regional and industry experience, background, race, gender and other qualities of Directors will be taken into account in determining the optimum composition of the Board; and (ii) all Board appointments will be based on merit while taking into account diversity (including gender diversity). For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

(A) at least 40% of the members of the Board shall be non-executive Directors or independent non-executive Directors;

(B) at least one-third of the members of the Board shall be independent non-executive Directors;

(C) at least two of the members of the Board shall have obtained accounting or other professional qualifications;

(D) at least 75% of the members of the Board shall have more than seven years of experience in the industry he/she is specialised in; and

(E) at least two of the members of the Board shall have China-related work experience.

The Board has also adopted a nomination policy ("Nomination Policy") during the financial year ended 31 July 2022. A summary of the Nomination Policy is disclosed below:

1. Objective

The Nomination Policy aims to set out the relevant selection criteria and nomination procedures to help the Nomination Committee and the Board to ensure that the Board has a balance of skills, experience and diversity of perspective appropriate to the requirement of the Group's businesses.

2. Selection criteria

The selection criteria specified in the Nomination Policy include:

- commitment of available time and ability to devote sufficient time and attention to the affairs of the Company;
- reputation for integrity;
- accomplishment and experience in the relevant industry(ies);
- effectiveness in carrying out the responsibilities of the Board; and
- diversity in all its aspects as set out in the Board Diversity Policy of the Company.

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

3. Nomination procedures

   (i) For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

   (ii) Until the publication of circular to the Shareholders, the nominated persons shall not assume that they have been proposed by the Board to stand for election at the general meeting.

   (iii) In order to provide information of the candidates nominated by the Board to stand for election at a general meeting, and to invite nominations from the Shareholders, a circular will be sent to the Shareholders. The circular will set out the lodgment period for the Shareholders to make the nominations. The names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations, of the proposed candidates will be included in the circular to the Shareholders.

   (iv) A candidate is allowed to withdraw his or her candidature at any time before the general meeting by serving a notice in writing to the company secretary of the Company.

   The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

4. Review of the Nomination Policy

   The Nomination Committee will review the Nomination Policy, as appropriate, to ensure the effectiveness of the Nomination Policy. The Nomination Committee will discuss any revisions that may be required.

During the financial year ended 31 July 2022, the Nomination Committee has met once to review the structure, size and composition of the Board and review performance of each Director who is subject to retirement by rotation.

Details of attendance of each member of the Nomination Committee during the financial year ended 31 July 2022 are as follows:

	Attendance
Mr. Diong Tai Pew *(Chairman)*	1/1
Mr. Tang Sim Cheow	1/1
Mr. Beh Chern Wei	1/1

REMUNERATION COMMITTEE

The remuneration committee of the Company ("Remuneration Committee") currently consists of three members, two independent non-executive Directors, namely Ms. Fu Xiao Nan (chairman) and Mr. Tang Sim Cheow, and one executive Director, Mr. Beh Kim Ling. The Remuneration Committee was established by the Board on 14 February 2006 and its duties are clearly defined in its terms of reference which have been prepared and adopted according to the Code Provisions. The function of the Remuneration Committee is to make recommendations to the Board on the policy and structure for all remuneration of Directors and senior management of the Company.

During the financial year ended 31 July 2022, the Remuneration Committee has met once to review and approve the remuneration structure of the Directors and senior management of the Company as well as discretionary bonus of the executive Directors for the financial year ended 31 July 2021.

Remuneration of Directors and Senior Management

Pursuant to Code Provision B.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 31 July 2022 is set out below:

Remuneration band (HK$)	Number of individuals
Nil to 1,000,000	4

Further particulars regarding Directors' emoluments and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 11 and 12 to the consolidated financial statements of the Group.

Details of attendance of each member of the Remuneration Committee during the financial year ended 31 July 2022 are as follows:

	Attendance
Ms. Fu Xiao Nan *(chairman)*	1/1
Mr. Tang Sim Cheow	1/1
Mr. Beh Kim Ling	1/1

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") currently comprises three independent non-executive Directors, namely Mr. Tang Sim Cheow (chairman), Mr. Diong Tai Pew and Ms. Fu Xiao Nan. It was established by the Board with effect from 20 January 2002 and its duties are clearly defined in its terms of reference which have been prepared and adopted according to the Code Provisions.

The Audit Committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the Group's audit. It also reviews the annual and interim reports of the Company prior to their approval by the Board, the effectiveness of the external and internal audit and of internal controls and risk evaluation.

During the financial year, the Audit Committee has convened four meetings and conducted the following activities:

(1) reviewed the first and third quarterly results of the Company;

(2) reviewed the interim and annual report of the Company;

(3) reviewed the report of internal audit department, internal control system and financial matters of the Group in pursuance of the terms of reference;

(4) reviewed the audit findings of the external auditors of the Company;

(5) made recommendation to the Board on the re-appointment of the external auditors; and

(6) reviewed all ongoing connected transaction of the Group.

Details of attendance of each member of the Audit Committee during the financial year ended 31 July 2022 are as follows:

	Attendance
Mr. Tang Sim Cheow *(chairman)*	4/4
Mr. Diong Tai Pew	4/4
Ms. Fu Xiao Nan	4/4

There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors.

AUDITORS' REMUNERATION

During the financial year ended 31 July 2022, audit and non-audit services were provided to the Group by PricewaterhouseCoopers ("PwC"), the auditor of the Company, and other external auditors of the Company's subsidiaries in the PRC:

Services Provided	**Amounts**
	RMB
Annual audit	
Audit fee for the consolidated financial statements of the Group for the year ended 31 July 2022 by PwC	1,412,000
Audit fee for the statutory audit of the financial statements of the Company's subsidiaries in the PRC for the year ended 31 December 2021 by other external auditors	190,000
	1,602,000
Non-audit services	
Fee for tax consultancy services of the Company's subsidiaries in the PRC by other external auditors and other non-audit services	111,000
	1,713,000

Advisory services fee in respect of ESG advisory service amounted to RMB149,000 is also payable to PwC's ESG servicing team which is separate from the team responsible for the Group's audit.

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements for each financial period which give a true and fair view of the state of affairs of the Group. In preparing the consolidated financial statements for the financial year ended 31 July 2022, the Directors have selected appropriate accounting policies and applied them consistently, and have prepared the consolidated financial statements on a going concern basis.

The statement of the external auditors about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report to the Shareholders on pages 60 to 67 of this Annual Report.

INTERNAL CONTROL

The Board acknowledges its responsibility for the risk management and internal control system of the Group and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems. Highlights of the Group's risk management and internal control systems include the following:

- code of conduct — the Company's code of conduct explicitly communicates to each employee its values, acceptable criteria for decision-making and its ground rules for behavior.

- process to identify and manage significant risks and material internal control defects — significant risks or internal control defects identified by the management during the ordinary business operation of the Group will be reported to the Board as soon as practicable for further evaluating and management. A Board meeting will be held to conduct review and evaluation on the significant risks or internal control defects and appropriate actions will be taken to control the risks or to improve the internal control defects. During the financial year, no significant risks, or material internal control failings or weaknesses have been identified by the Board or the management.

- internal audit functions — the internal audit functions of the Group have been performed by the collaboration of the Board's office, finance department, human resources department and administration office by regular financial and operational review and recommending necessary actions to the management. The works carried out by the aforesaid departments of the Company ensure the risk management and internal control measures are in place and function properly as intended. The results of the internal audit and reviews are reported to the executive Directors and the Audit Committee.

- compliance with the Listing Rules and relevant laws and regulations — the Group will continue to monitor its compliance with relevant laws and regulations and continue to arrange for various trainings to be provided by its legal advisers or other professional parties to the Directors and management on the Listing Rules, PRC laws and regulations, etc.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems. The management has reported and confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems during the financial year ended 31 July 2022.

The Board, as supported by the Audit Committee as well as the management, conducted an annual review on the risk management and internal control systems, including the financial, operational and compliance controls of the Group during the financial year ended 31 July 2022, to ensure the adequacy of resources, staff qualifications and experience, training programs and budget of accounting, internal audit, training reporting, etc. The Board considered that such systems and the process for financial reporting and Listing Rules compliance are effective and adequate.

The Group has adopted the Management of the Regulation of Trade Secrets which provides a general guide to the Company's directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosures and responding to enquiries. The policy is to ensure potential inside information being captured and confidentiality of such information being maintained until consistent and timely disclosure is made in accordance with the Listing Rules. The policy regulates the handling and dissemination of inside information, which includes:

- designated responsible persons and departments for managing and handling the inside information;
- specified disclosure requirements under the Listing Rules; and
- stipulated disclosure procedures.

COMPANY SECRETARY

Ms. Ng Ting On Polly is the company secretary of the Company. Her primary contact person of the Company is Mr. Beh Kim Ling, the chairman of the Company. In compliance with Rule 3.29 of the Listing Rules, Ms. Ng Ting On Polly has undertaken no less than 15 hours of relevant professional training for the financial year ended 31 July 2022.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to convene an extraordinary general meeting

The following procedures for the Shareholders to convene an extraordinary general meeting ("EGM") of the Company are prepared in accordance with Article 64 of the articles of association of the Company:

(1) One or more Shareholders ("Requisitionist(s)") holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings shall have the right, by written notice, to require an EGM to be called by the Directors for the transaction of any business specified in such requisition.

(2) Such requisition shall be made in writing to the Board or the company secretary of the Company at the following:

Head office and principal place of business of the Company in Hong Kong

Address: 40th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong
Email: corporate@vs-ig.com
Attention: the Board of Directors/Company Secretary

Registered office of the Company

Address: Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands
Attention: the Board of Directors/Company Secretary

(3) The EGM shall be held within two months after the deposit of such requisition.

(4) If the Directors fail to proceed to convene such meeting within twenty-one (21) days of such deposit, the Requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the Requisitionist(s) by the Company.

Procedures for Shareholders to direct enquiries to the Company

For matters in relation to the Board, the Shareholders can contact the Company at the following:

Address:	40th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong
Email:	corporate@vs-ig.com
Tel:	(852) 2511 9002
Fax:	(852) 2511 9880
Attention:	the Board of Directors/Company Secretary

For share registration related matters, such as share transfer and registration, change of name or address, loss of share certificates or dividend warrants, the registered Shareholders can contact:

Hong Kong branch share registrar and transfer office of the Company

Computershare Hong Kong Investor Services Limited

Address:	Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Tel:	(852) 2862 8555
Fax:	(852) 2529 6087
Contact us:	www.computershare.com/hk/contact

Procedures for Shareholders to put forward proposals at Shareholders' meetings

To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her proposal ("Proposal") with his/her detailed contact information at the Company's principal place of business at 40th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong.

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Board will be asked to include the Proposal in the agenda for the general meeting.

The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

(a) At least 14 days' notice in writing if the Proposal requires approval by way of an ordinary resolution of the Company.

(b) At least 21 days' notice in writing if the Proposal requires approval by way of a special resolution of the Company in an extraordinary general meeting of the Company or an ordinary resolution of the Company in an annual general meeting of the Company.

INVESTOR RELATIONS

There was no significant change in the Company's constitutional documents during the year ended 31 July 2022.

Report of the Directors

The Directors have pleasure in submitting the Annual Report together with the consolidated financial statements of the Group for the financial year ended 31 July 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the Group is principally engaged in the manufacturing and sale of plastic moulded products and parts, assembling of electronic products and mould design and fabrication.

An analysis of the principal activities and geographical locations of the operations of the Group during the financial year is set out in note 5 to the consolidated financial statements of the Group.

BUSINESS REVIEW

The review of the business of the Group during the year and the discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis of Results of Operations", and the description of principal risks and uncertainties facing the Group and key financial performance indicators are set out in the section headed "Management Discussion and Analysis of Results of Operations". The financial risk management objectives and policies of the Group are set out in note 3 to the consolidated financial statements. Except as disclosed in the sub-section headed "Events after the Reporting Date" under the section headed "Management Discussion and Analysis of Results of Operations", no important event affecting the Group has occurred since the end of the financial year ended 31 July 2022 and up to the date of this report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

We believe that our business also depends on our ability to meet our customers' requirements in respect of safety, quality and environmental aspects. To meet our customers' requirements on safety, quality and environmental aspects, we have established safety, quality and environmental management systems. Through the systematic and effective control of our operations, compliance with safety, quality and environmental requirements can be further assured.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group has adopted internal control and risk management policies to monitor the on-going compliance with relevant laws and regulations. As far as the Board is concerned, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group is in good relationship with its employees and some policies have been carried out to make sure the employees can acquire competitive remuneration, good welfare and continuous professional training. The Group also maintains a good relationship with its customers and suppliers, without whom the production and operation success will not be guaranteed.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

	Percentage of the Group's total	
	Sales	**Purchases**
The largest customer	44%	–
Five largest customers in aggregate	96%	–
The largest supplier	–	40%
Five largest suppliers in aggregate	–	72%

At no time during the financial year had the Directors, their close associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in these major customers and suppliers.

FINANCIAL STATEMENTS

The results of the Group for the financial year ended 31 July 2022 and the state of the Group's affairs as at 31 July 2022 are set out in the consolidated financial statements of the Group on pages 68 to 138 of this Annual Report.

DIVIDENDS

The Board does not recommend the payment of a final dividend in respect of the financial year ended 31 July 2022 (2021: Nil).

The Board adopted a dividend policy ("Dividend Policy") during the financial year ended 31 July 2022. A summary of the Dividend Policy is disclosed as below.

The Board takes into account the following factors when considering the declaration and payment of dividends:

– the requirements of the Company's constitutional documents;
– the solvency requirements of the Companies Law of the Cayman Islands;
– there being sufficient amount of retained profits and share premium of the Company for the dividend payment;
– any financial covenants and other restrictions that exist with respect to certain of the Company's financing arrangements and other agreements by which the Company is bound from time to time;
– the earnings, financial position, results of operation, expansion plans, working capital requirements, and anticipated cash needs of the Company and its subsidiaries;
– the payment by subsidiaries of cash dividends to the Company; and
– other factors which the Board may deem appropriate.

The form and frequency of dividend declaration and payment shall be at the sole and absolute discretion of the Board. The Board will review the Dividend Policy, as appropriate, to ensure the compliance of the Dividend Policy and discuss and approve any revision as and when appropriate.

CHARITABLE DONATIONS

Charitable and other donations made by the Group during the financial year amounted to RMB0.01 million (2021: Nil).

FIXED ASSETS

Details of movements in fixed assets of the Group during the financial year are set out in note 14 to the consolidated financial statements of the Group.

SHARE CAPITAL

Details of the movements in share capital of the Company during the financial year are set out in note 26 to the consolidated financial statements of the Group.

OTHER DEFICITS

Details of movements in the other deficits of the Group are set out in the consolidated statement of changes in equity in the consolidated financial statements of the Group. Details of the movement in the reserves of the Company's individual components of equity are set out in the note 27 to the consolidated financial statements of the Group.

DISTRIBUTABLE RESERVES

As at 31 July 2022, the Company's reserves available for distribution calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands amounted to RMB219,057,000 (2021: RMB225,512,000). These reserves may be distributed provided that immediately following the date on which the distribution is proposed to be made, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

DIRECTORS

The Directors during the financial year and up to the date of this report were:–

Executive Directors

Beh Kim Ling
Gan Sem Yam
Zhang Pei Yu
Beh Chern Wei

Independent non-executive Directors

Tang Sim Cheow
Diong Tai Pew
Fu Xiao Nan

In accordance with article 108(A) of the Company's articles of association, not less than one-third of the Directors for the time being should retire from office by rotation at each annual general meeting. Accordingly, Mr. Beh Kim Ling, Mr. Diong Tai Pew and Ms. Fu Xiao Nan will retire from the Board by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election at such meeting.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Beh Kim Ling, Mr. Gan Sem Yam, Mr. Zhang Pei Yu and Mr. Beh Chern Wei, being all the executive Directors, has entered into a service contract with the Company for an initial term of three years commencing from the date of appointment, and is automatically renewable for successive terms of one year upon expiry of the then current term, until terminated by not less than three months' notice in writing served by either party to the other.

Mr. Diong Tai Pew, Mr. Tang Sim Cheow and Ms. Fu Xiao Nan are currently appointed as independent non-executive Directors. The appointments of Mr. Diong Tai Pew, Mr. Tang Sim Cheow and Ms. Fu Xiao Nan are for a term of one year renewable automatically for successive terms of one year until terminated by not less than two months' notice in writing served by either party to the other.

No Director proposed for re-election at the forthcoming annual general meeting of the Company has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

DIRECTOR'S INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 July 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (as defined in Part XV of the Securities and Futures Ordinance ("SFO")) which had been 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 taken 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 pursuant to the SD Code, to be notified to the Company and the Stock Exchange were as follows:

Name of Director (Note 1)	**The Company/name of associated corporation**	**Capacity**	**Number and class of securities** (Note 2)	**Approximate percentage of interest**
Beh Kim Ling	The Company	Beneficial owner	158,904,532 Shares (L)	6.89%
	V.S. Corporation (Hong Kong) Co., Limited ("VSHK")	Beneficial owner	3,750,000 non-voting deferred shares of HK$1 each (L)	5.00%
	VS Berhad	Beneficial owner	361,898,283 ordinary shares (L) (Note 3)	9.45%

DIRECTOR'S INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (CONTINUED)

Name of Director (Note 1)	The Company/name of associated corporation	Capacity	Number and class of securities (Note 2)	Approximate percentage of interest
Gan Sem Yam	The Company	Beneficial owner	44,671,395 Shares (L)	1.94%
	VSHK	Beneficial owner	3,750,000 non-voting deferred shares of HK$1 each (L)	5.00%
	VS Berhad	Beneficial owner	197,129,298 ordinary shares (L) (Note 4)	5.15%
Zhang Pei Yu	The Company	Beneficial owner	2,000 Shares (L)	0.00%
Beh Chern Wei	The Company	Beneficial owner	37,111,960 Shares (L)	1.61%
	VSHK	Beneficial owner	1,250,000 non-voting deferred shares of HK$1 each (L)	1.67%
	VS Berhad	Beneficial owner	165,189,600 ordinary shares (L) (Note 5)	4.31%
Diong Tai Pew	The Company	Beneficial owner	1,766,411 Shares (L)	0.08%
	VS Berhad	Beneficial owner	290,400 ordinary shares (L) (Note 6)	0.01%
Tang Sim Cheow	The Company	Beneficial owner	639,130 Shares (L)	0.03%

DIRECTOR'S INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (CONTINUED)

Notes:

1. Mr. Beh Kim Ling is the brother-in-law of Mr. Gan Sem Yam. Mr. Beh Chern Wei is the son of Mr. Beh Kim Ling and the nephew of Mr. Gan Sem Yam.

2. The letter "L" represents the Director's long position interest in the shares and underlying shares of the Company or its associated corporations.

3. 1,320,000 of these shares would be allotted and issued upon exercise in full of the outstanding share options granted by VS Berhad at the exercise price* of RM0.45 per share during a period of 5 years from 2 July 2020 to 11 May 2025. 1,620,000 of these shares would be allotted and issued upon exercise in full of the outstanding share options granted by VS Berhad at the exercise price RM0.87 per share during a period of 3 years from 17 May 2022 to 11 May 2025. 64,451,397 of these shares would be allotted and issued upon exercise in full of the warrants granted by VS Berhad at an initial exercise price of RM1.38 per share (subject to adjustments) during a period of 3 years from 15 June 2021 to 14 June 2024.

4. 1,320,000 of these shares would be allotted and issued upon exercise in full of the outstanding share options granted by VS Berhad at the exercise price* of RM0.45 per share during a period of 5 years from 2 July 2020 to 11 May 2025. 1,320,000 of these shares would be allotted and issued upon exercise in full of the outstanding share options granted by VS Berhad at the exercise price RM0.87 per share during a period of 3 years from 17 May 2022 to 11 May 2025. 24,386,544 of these shares would be allotted and issued upon exercise in full of the warrants granted by VS Berhad at an initial exercise price of RM1.38 per share (subject to adjustments) during a period of 3 years from 15 June 2021 to 14 June 2024.

5. 400,000 of these shares would be allotted and issued upon exercise in full of the outstanding share options granted by VS Berhad at the exercise price* of RM0.45 per share during a period of 5 years from 2 July 2020 to 11 May 2025. 36,090,150 of these shares would be allotted and issued upon exercise in full of the warrants granted by VS Berhad at an initial exercise price of RM1.38 per share (subject to adjustments) during a period of 3 years from 15 June 2021 to 14 June 2024.

6. 290,400 of these shares would be allotted and issued upon exercise in full of the warrants granted by VS Berhad at an initial exercise price of RM1.38 per share (subject to adjustments) during a period of 3 years from 15 June 2021 to 14 June 2024.

   * VS Berhad completed its bonus issue exercise on 19 May 2021 and the option exercise price has been adjusted accordingly.

Save as disclosed above, none of the Directors and chief executive of the Company had any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning 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 and short positions which he/she was 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 maintained by the Company referred to therein, or which were required, pursuant to the SD Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the financial year ended 31 July 2022 was the Company, any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Apart from the related party transactions as disclosed in note 30 to the consolidated financial statements of the Group, no transaction, arrangement and contract of significance to which the Company, any of its subsidiaries or fellow subsidiaries was a party, in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 July 2022, the following entity, other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholder	**Number of Shares** (Note)	**Nature of interest/capacity**	**Approximate percentage of Interest**
VS Berhad	1,000,109,963 (L)	Beneficial owner	43.34%

Note: The letter "L" represents the shareholder's long position interest in the shares of the Company.

CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS

No contract of significance had been entered into between the Company or any of its subsidiaries and the controlling shareholder or any of its subsidiaries for the year ended 31 July 2022.

SHARE OPTION SCHEME

The Company operated a share option scheme ("Share Option Scheme"), which was adopted on 21 September 2012, for the purpose of providing incentives or rewards to selected eligible participants for their contribution to the Group. The Share Option Scheme became effective on 21 September 2012 and had remained in force for 10 years from that date. The Share Option Scheme expired on 20 September 2022.

Eligible participants of the Share Option Scheme include the following:

(i) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any Subsidiary or any Invested Entity;

(ii) any non-executive directors (including independent non-executive directors) of the Group or any Invested Entity;

(iii) any supplier of goods or services to any member of the Group or any Invested Entity;

(iv) any customer of any member of the Group or any Invested Entity;

(v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;

(vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and

(viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

SHARE OPTION SCHEME (CONTINUED)

As at 31 July 2022, the total number of share options available for issue, save for those granted but yet to be exercised, under the Share Option Scheme was 230,751,336, which represented approximately 10.00% of the issued share capital of the Company as at 31 July 2022. The maximum number of Shares issuable upon exercise of the options which may be granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of share options in excess of this limit is subject to Shareholders' approval in a general meeting.

Share options granted to a Director, chief executive of the Company or substantial Shareholder, or to any of their respective close associates (as defined under the Listing Rules), are subject to approval in advance by the independent non-executive Directors (excluding independent non-executive Director who is the grantee of the options). In addition, where any grant of share options to a substantial Shareholder or an independent non-executive Director, or to any of their respective close associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in excess of 0.1% of the Shares in issue and with an aggregate value (based on the closing price of the Shares at the date of the grant) in excess of HK$5 million, in a 12-month period up to and including the date of grant, such grant of share options are subject to Shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 by the grantee. The exercise period for the share options granted is determined by the Board, which period may commence from the date of acceptance of the offer for the grant of share options but shall end in any event not later than 10 years from the date of the grant of the option subject to the provisions for early termination under the Share Option Scheme.

The subscription price for Shares under the Share Option Scheme shall be a price determined by the Board, but shall not be less than the highest of:–

(i) the closing price of Shares as stated in the daily quotations sheet of the Stock Exchange on the date of the offer of the grant, which must be a business day;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer of grant; and

(iii) the nominal value of the Shares.

For the year ended 31 July 2022, no share option was granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the financial year ended 31 July 2022.

PERMITTED INDEMNITY PROVISION

The Company has arranged the appropriate insurance cover for Director's and officer's liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) when the Report of the Directors prepared by the Directors is approved in accordance with section 391(1)(a) of the Companies Ordinance.

CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

Details of the related party transactions for the financial year ended 31 July 2022 are set out in note 30 to the consolidated financial statements of the Group. None of those related party transactions constituted a connected transaction or continuing connected transaction which is required to be disclosed in this Annual Report in accordance with the requirements of Chapter 14A of the Listing Rules.

During the year ended 31 July 2022, the Group did not enter into any connected transactions or continuing connected transactions which are required to be disclosed in this Annual Report in accordance with the requirements of Chapter 14A of the Listing Rules.

NON-COMPETITION UNDERTAKINGS

In order to delineate the businesses of VS Berhad and its subsidiaries ("Berhad Group") and those of the Group clearly and to regulate their respective activities with their customers, VS Berhad and the Company has given each other certain non-compete undertakings under a territorial delineation agreement ("Territorial Agreement") dated 20 January 2002, particulars of which are set out under "Relationship with the Group" in the section headed "Information on VS Berhad" in the Company's prospectus dated 28 January 2002.

On 1 June 2018, the Company and VS Berhad entered into a supplemental agreement ("Supplemental Territorial Agreement") to amend the Territorial Agreement, particulars of which are set out in the announcement of the Company dated 1 June 2018 and the circular of the Company dated 16 July 2018.

The Supplemental Territorial Agreement was approved by independent Shareholders and became effective on 3 August 2018. The independent non-executive Directors have reviewed the compliance of the terms of the Territorial Agreement and considered that each of the Company and VS Berhad has complied with the Territorial Agreement and the enforcement of the undertakings contained therein by the parties thereto for the financial year ended 31 July 2022.

NON-COMPETITION UNDERTAKINGS (CONTINUED)

For the financial year ended 31 July 2022, (i) there is no opportunity identified by the Group in Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam that has been taken up by the Group pursuant to the mechanisms as stated in the Supplemental Territorial Agreement; and (ii) there is no opportunity identified by the VS Berhad and its subsidiaries (other than the Group) (collectively, the "Berhad Group") in Hong Kong, Taiwan and the PRC that has been referred to the Group, and that the Berhad Group is allowed to take up pursuant to the mechanisms as stated in the Supplemental Territorial Agreement.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association although there are no restrictions against such rights under the law in the Cayman Islands.

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

During the year ended 31 July 2022, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 July 2022 are set out in note 24 to the consolidated financial statements of the Group.

INTEREST CAPITALISED

The amount of interest capitalised by the Group during the financial year ended 31 July 2022 is set out in note 8 to the consolidated financial statements of the Group.

FIVE YEARS SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 142 of this report.

PROPERTY

Particulars of the major properties and property interests of the Group are shown on page 141 of this report.

RETIREMENT SCHEMES

Particulars of the retirement schemes of the Group are set out in note 10 to the consolidated financial statements of the Group.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") was established by the Board on 20 January 2002 and was re-constituted on 30 September 2004 and 24 March 2012 respectively. The role, function and composition of the Audit Committee are set out on page 41 of this report.

The Audit Committee has reviewed the Group's financial statements for the year ended 31 July 2022 and is of the opinion that such statements comply with the applicable accounting standards, the Listing Rules and the requirements of applicable laws, codes and regulations and that adequate disclosure pursuant thereto have been made.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive Directors confirmation of his/her independence from the Group and the Company considers each of them to be independent pursuant to Rule 3.13 of the Listing Rules despite the fact that each of Mr. Diong Tai Pew and Mr. Tang Sim Cheow has served as an independent non-executive Director for more than nine years.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the best knowledge of the Directors at the date of this report, there was a sufficient prescribed public float of the issued Shares under the Listing Rules at any time during the financial year ended 31 July 2022.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the shareholders of the Company by reason of their holding of the Company's listed securities.

AUDITORS

PricewaterhouseCoopers will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company. A resolution for the re-appointment of PricewaterhouseCoopers as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company. There has been no change in the auditors of the Company in any of the preceding three years.

By order of the Board

Beh Kim Ling
Chairman
Johor Bahru, Malaysia
26 September 2022

Independent Auditor's Report

羅兵咸永道

TO THE SHAREHOLDERS OF V.S. INTERNATIONAL GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of V.S. International Group Limited (the "Company") and its subsidiaries ("the Group"), which are set out on pages 68 to 138, comprise:

- the consolidated statement of financial position as at 31 July 2022;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 July 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

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T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Provision for inventories
- Impairment of property, plant and equipment and right-of-use assets

Key Audit Matters	How our audit addressed the Key Audit Matters
Provision for inventories Refer to note 2.9, note 4(b) and Note 18 "Inventories" to the consolidated financial statements. At 31 July 2022, the Group held inventories of RMB29,459,000 and the provision for obsolete or slow moving inventories was RMB13,014,000. Inventories are stated at the lower of cost and net realisable value in the consolidated financial statements. Provision for impairment of inventories of RMB4,742,000 was recognised in the consolidated income statement for the year ended 31 July 2022. Management assesses the provision for obsolete or slow moving inventories at each period end based on their consideration of obsolescence and the net realisable value of inventories. The determination of estimated selling price less costs to sell requires the use of significant judgement and estimates, including consideration of condition of products, latest selling price and expectation of future sales orders.	Our key procedures in relation to management's assessment of the provision for obsolete or slow moving inventory included: – Understood, evaluated and validated the key controls over management's estimation of provision for inventories and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; – Assessed whether the stock provision made as at 31 July 2022 was consistent with the Group's stock provision policy by recalculating the stock provision based on the relevant parameters and criteria in the policy and obtained explanation from management for any differences identified;

Key Audit Matters (Continued)

We focused on this area due to significant management judgement and estimates involved in determining the provision for obsolete or slow-moving inventories.

How our audit addressed the Key Audit Matters (Continued)

– Tested on a sample basis, the accuracy of the ageing profile of individual inventory items by checking to the supporting documents such as good receipt notes;

– Examined the movements of aged inventories and related provisions brought forward from prior years to assess whether the judgement made by management in estimating the provisions in the prior year indicated possible management bias;

– Tested on a sample basis, the subsequent utilisation of raw materials in production after 31 July 2022 and obtained explanation from management on any items with low utilisation; and

– Tested on a sample basis, the net realisable value of selected work-in-progress and finished goods, by comparing the carrying amount of the inventory items as at 31 July 2022 against their selling price subsequent to the year end or closest to year end.

We found that management's assessment of the provision for obsolete or slow moving inventories was supported by available audit evidence.

Key Audit Matters (Continued)	How our audit addressed the Key Audit Matters (Continued)
Impairment of property, plant and equipment and right-of-use assets Refer to note 4(a) and note 14 to the consolidated financial statements. The Group had RMB209,655,000 and RMB14,947,000 property, plant and equipment and right-of-use assets ("PPE and ROU") as at 31 July 2022 respectively. Management carried out an impairment assessment on its PPE and ROU. The carrying amounts of the PPE and ROU were written down to its recoverable amount when the asset's carrying amount is greater than its estimated recoverable amount. For the year ended 31 July 2022, impairment losses of PPE and ROU of RMB16,640,000 and RMB2,237,000, respectively, were recognised in the consolidated income statement.	Our key procedures in relation to management's assessment of the impairment of property, plant and equipment and right-of-use assets included: – Obtained an understanding of the management's internal control and assessment process of impairment of PPE and ROU and assessed the inherent risk of material misstatement; For machinery and equipment: – Obtained management's impairment assessment and the budget adopted in the cashflow forecast. We evaluated the budget and the reasonableness of key assumptions (such as percentage changes in revenue, gross profit and pre-tax discount rate) applied in value-in-use calculations by comparing them to historical information and our understanding of latest market conditions; – Compared the actual results in current year with the budget used in the prior year impairment assessment and evaluated the sensitivity analysis to consider the impact on the impairment loss with reasonably possible changes of key assumptions and considered whether the judgements made in determining the budget and key assumptions are subject to possible management bias; and – Compared the price quotation from the third party buyer to the carrying value of the idle PPE and ROU.

Key Audit Matters (Continued)

For PPE and ROU with a carrying value of RMB59,335,000, the recoverable amounts were determined based value-in-use calculation using discount cash flow of the relevant cash generating units based on the financial projections prepared by management, with major assumptions such as percentage changes in revenue and gross profit as well as pre-tax discount rate.

Other than the abovementioned PPE and ROU, management identified certain machinery and equipment (included in PPE and ROU) with a carrying amount of RMB1,429,000 which are not expected to be used in production in the future. Management estimated the recoverable amount based on their fair value less costs of disposal by making reference to price quotation obtained from a third-party buyer.

For the land and buildings of RMB163,838,000, management assessed the recoverable amount based on its fair value less of costs of disposal with reference to the fair value of the land and buildings assessed by an independent professional valuer.

We focused on this area because significant judgement and estimation were involved in determining the recoverable amounts of the PPE and ROU.

How our audit addressed the Key Audit Matters (Continued)

For land and buildings:

– Evaluated the competence, capabilities and objectivity of the independent valuer and obtained an understanding of their scope of work. We involved our internal specialist, obtained an understanding and evaluated the basis and methodology of the valuation, as well as the reasonableness of major assumptions adopted.

Based on our work performed, we found the impairment provision made by management to be supported by available audit evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguard applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Yuen Kwok Kin Andrew.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 September 2022

Consolidated Income Statement

For the year ended 31 July 2022

	Note	2022 RMB'000	2021 RMB'000
Revenue	5	**121,401**	256,196
Cost of sales		**(111,227)**	(201,889)
Gross profit		**10,174**	54,307
Other income	6	**4,563**	5,022
Other losses – net	6	**(26,098)**	(7,477)
Distribution costs		**(3,209)**	(5,901)
General and administrative expenses		**(34,694)**	(45,074)
Net impairment losses on financial assets		**(12)**	(4,810)
Operating loss	7	**(49,276)**	(3,933)
Finance income		**1,056**	518
Finance costs		**(2,218)**	(6,223)
Finance costs – net	8	**(1,162)**	(5,705)
Share of net profit of an associate accounted for using the equity method	17	**2,130**	4,447
Loss before income tax		**(48,308)**	(5,191)
Income tax credit/(expense)	9	**61**	(421)
Loss for the year attributable to owners of the Company		**(48,247)**	(5,612)

	Note	2022 RMB cent	2021 RMB cent
Loss per share attributable to owners of the Company during the year			
Basic and diluted	13	**(2.09)**	(0.24)

The notes on pages 74 to 138 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 July 2022

	Note	2022 RMB'000	2021 RMB'000
Loss for the year		**(48,247)**	(5,612)
Other comprehensive loss for the year			
Item that will not be reclassified subsequently to profit or loss:			
Fair value loss on financial asset at fair value through other comprehensive income	15	**(600)**	(300)
Total comprehensive loss for the year and attributable to owners of the Company		**(48,847)**	(5,912)

The notes on pages 74 to 138 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 July 2022

	Note	As at 31 July 2022 RMB'000	As at 31 July 2021 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14(a)	**209,655**	263,054
Right-of-use assets	14(b)	**14,947**	24,550
Financial asset at fair value through other comprehensive income	15	**3,100**	3,700
Investment accounted for using the equity method	17	**7,496**	5,366
Deferred income tax assets	25	**–**	1,027
		235,198	297,697
Current assets			
Inventories	18	**16,445**	24,435
Contract assets	19	**597**	15,039
Trade and other receivables, deposits and prepayments	20	**41,027**	60,082
Amounts due from related parties	30	**663**	3,072
Restricted bank balances	21	**6,000**	48,435
Cash and cash equivalents	22	**68,606**	43,196
		133,338	194,259
Total assets		**368,536**	491,956
EQUITY			
Capital and reserves			
Share capital	26	**105,013**	105,013
Share premium	26	**306,364**	306,364
Other deficits	27	**(109,422)**	(60,575)
Total equity attributable to owners of the Company		**301,955**	350,802

The notes on pages 74 to 138 are an integral part of these consolidated financial statements.

	Note	**As at 31 July 2022 RMB'000**	As at 31 July 2021 RMB'000
LIABILITIES			
Non-current liabilities			
Loans from a director	30	**37,413**	36,005
Deferred income tax liabilities	25	**916**	2,823
		38,329	38,828
Current liabilities			
Trade and other payables	23	**27,589**	47,792
Amounts due to related parties	30	**570**	633
Borrowings	24	**–**	53,625
Lease liabilities	14(b)	**–**	215
Tax payables		**93**	61
		28,252	102,326
Total liabilities		**66,581**	141,154
Total equity and liabilities		**368,536**	491,956

The consolidated financial statements on pages 68 to 138 were approved by the Board and Directors on 26 September 2022 and were signed on its behalf.

Beh Kim Ling
Chairman

Gan Sem Yam
Managing Director

The notes on pages 74 to 138 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 July 2022

	Note	**Share capital** RMB'000 (note 26)	**Share premium** RMB'000 (note 26)	**Other deficits** RMB'000 (note 27)	**Total equity** RMB'000
Balance at 1 August 2020		105,013	306,364	(54,663)	356,714
Comprehensive loss					
Loss for the year		–	–	(5,612)	(5,612)
Other comprehensive loss					
Change in value on financial asset at fair value through other comprehensive income	15	–	–	(300)	(300)
Total comprehensive loss		–	–	(5,912)	(5,912)
Balance at 31 July 2021		105,013	306,364	(60,575)	350,802
Balance at 1 August 2021		**105,013**	**306,364**	**(60,575)**	**350,802**
Comprehensive loss					
Loss for the year		**–**	**–**	**(48,247)**	**(48,247)**
Other comprehensive loss					
Change in value on financial asset at fair value through other comprehensive income	15	**–**	**–**	**(600)**	**(600)**
Total comprehensive loss		**–**	**–**	**(48,847)**	**(48,847)**
Balance at 31 July 2022		**105,013**	**306,364**	**(109,422)**	**301,955**

The notes on pages 74 to 138 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 July 2022

	Note	2022 RMB'000	2021 RMB'000
Cash flows from operating activities			
Cash generated from operations	31(a)	**38,240**	10,727
Income tax paid		**(786)**	(362)
Net cash generated from operating activities		**37,454**	10,365
Cash flows from investing activities			
Payments for the purchase of property, plant and equipment		**(257)**	(2,802)
Proceeds from sale of property, plant and equipment	31(b)	**780**	4,186
Interest received		**1,056**	518
Net cash generated from investing activities		**1,579**	1,902
Cash flows from financing activities			
Repayment of bank loans	31(c)	**(21,876)**	(104,428)
Proceeds from new bank loans	31(c)	**–**	59,005
Net decrease in trust receipt loans	31(c)	**(31,749)**	(19,263)
Decrease in restricted bank balances		**42,435**	12,805
Principal and interest elements of lease payments	31(c)	**(222)**	(6,147)
Borrowing costs paid		**(2,211)**	(5,230)
Net cash used in financing activities		**(13,623)**	(63,258)
Net increase/(decrease) in cash and cash equivalents		**25,410**	(50,991)
Cash and cash equivalents at beginning of year		**43,196**	94,187
Cash and cash equivalents at end of year	22	**68,606**	43,196

The notes on pages 74 to 138 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

V.S. International Group Limited (the "Company") and its subsidiaries (collectively, the "Group") are principally engaged in the manufacturing and sales of plastic moulded products and parts, assembling of electronic products, and mould design and fabrication. The Company was incorporated in the Cayman Islands on 9 July 2001 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is ultimately owned by V.S. Industry Berhad, a company incorporated in Malaysia with limited liability, the shares of which are listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company has its primary listing on Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

2 BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost basis, except for financial asset at fair value through other comprehensive income ("FVOCI"), which is measured at fair value.

(a) New standards, amendments to existing standards and interpretations adopted by the Group

The Group has applied the following new standards, amendments to existing standards and interpretations for the first time for their annual reporting period commencing 1 August 2021:

Standards	**Subject of amendment**
Amendments to HKAS 1 and HKAS 8	Definition of material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest rate benchmark reform
Amendments to HKFRS 3	Definition of a business
Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting

The adoption of these new and amended standards did not have any significant impact on the preparation of the consolidated financial statements of the Group.

2 BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(b) New standards, amendments to existing standards and interpretations not yet adopted

Certain new accounting standards, amendments to existing standards and interpretations have been published that are not mandatory for 31 July 2022 reporting periods and have not been early adopted by the Group.

Standards	Subject of amendment	Effective for annual periods beginning on or after
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope Amendments	1 January 2022
Amendments to Annual Improvement Project	Annual improvements 2018-2021 cycle (HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41)	1 January 2022
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations	1 January 2022
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 June 2023
HK-Interpretation 5 (2021)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
HKFRS 17	Amendments to HKFRS 17	1 January 2023
Amendments to HKAS 8	Accounting Policies, Change in Accounting Estimates and Errors	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by HKICPA

The above new and amendments to existing standards do not expect to have a material impact on the consolidated financial statements of the Group. The Group will adopt the new and amendments to existing standards when they become effective.

2 BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting

(a) Business Combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

(i) fair values of the assets transferred,

(ii) liabilities incurred to the former owners of the acquired business,

(iii) equity interests issued by the Group,

(iv) fair value of any asset or liability resulting from a contingent consideration arrangement, and

(v) fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

(i) consideration transferred,

(ii) amount of any non-controlling interest in the acquired entity, and

(iii) acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2 BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting (Continued)

(b) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(c) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (d) below), after initially being recognised at cost.

(d) Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.6.

2 BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting (Continued)

(e) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(f) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee’s net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the most senior executive management who make strategic decisions.

2 BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

All foreign exchange gains and losses are presented in the consolidated income statement.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

Fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to consolidated income statement.

2 BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency translation (Continued)

(d) Disposal of foreign operation and partial disposal (Continued)

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in consolidated income statement. For all other partial disposals (that is, reductions in the Group's ownership interests in associates that do not result in the Group losing significant influence) the proportionate share of the accumulated exchange difference is reclassified to consolidated income statement.

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost of each asset to their residual values (if any) over their estimated useful lives as follows:

Leasehold land and buildings	the shorter of the unexpired term of lease and 50 years
Leasehold improvements	the shorter of the unexpired term of lease and 10 years
Plant, moulds and machinery	3 to 10 years
Power generating machinery and equipment	15 years
Office equipment, furniture and fixtures	3 to 5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Construction-in-progress represents buildings, plant and machinery under construction or pending installation and is stated at cost. Cost includes the costs of construction of buildings, the costs of plant and machinery, installation, testing and other direct costs. No depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. When the relevant assets are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.6).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement.

2 BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICIES (CONTINUED)

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life, for example, goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

(b) Recognition and decrecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

Equity Instruments

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

2 BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICIES (CONTINUED)

2.7 Investments and other financial assets (Continued)

(c) Measurement (Continued)

Equity Instruments (Continued)

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in "other losses – net" in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 3.1(b) for further details.

2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty. There are no offsetting financial instruments as at 31 July 2022 (2021: same).

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by using the first in, first out method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2 BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICIES (CONTINUED)

2.10 Trade and other receivables

Trade receivables are amounts due from merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 3.1 for a description of the Group's impairment policies.

2.11 Contract assets and contract liabilities

A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer. A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due. The impairment of contract assets is measured, presented and disclosed on the basis set out in note 2.7(d). A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration.

2.12 Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with banks. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables, other payables and accruals are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables, other payables and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICIES (CONTINUED)

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.16 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

Borrowing costs include interest expense, finance charges in respect of lease liabilities and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined on a cumulative basis based on the cumulative amounts of interest expenses that would have been incurred had the entity borrowed in its functional currency. The total amount of foreign exchange differences capitalised cannot exceed the amount of total net foreign exchange differences incurred on a cumulative basis at the end of the reporting period.

2 BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICIES (CONTINUED)

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in the other comprehensive income or directly in equity. In this case the tax is also recognised in the other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICIES (CONTINUED)

2.18 Employee benefits

(a) Pension obligations

The Group participates in various defined contribution retirement benefit plans which are available to all relevant employees. These plans are generally funded through payments to schemes established by government or trustee-administered funds. A defined contribution plan is a pension plan under which the Group pays contributions on a mandatory, contractual or voluntary basis into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefit relating to employee service in the current and prior periods.

All contributions to pension plans are fully and immediately vested and the Group had no unvested benefits available to reduce its future contributions.

(b) Bonus plan

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management’s best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense within “finance costs” in the consolidated income statement.

2 BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICIES (CONTINUED)

2.20 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option or the Group will obtain the ownership at the end of the lease term, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases is recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2 BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

Revenue is recognised when or as the control of the products is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the products may be transferred over time or at a point in time.

Control of the goods is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, control of the goods is transferred at a point in time, being products are delivered to the customers, the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customers.

(b) Interest income

Interest income is recognised on a time basis on the principal outstanding at the applicable interest rate.

2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.23 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

2 BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICIES (CONTINUED)

2.23 Government grants (Continued)

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Group's risk management is predominantly controlled by senior management of the Group under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas. The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk, and cash flow and fair value interest-rate risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign exchange risk

The Group mainly operates in Mainland China with most of the transactions settled in United States dollars ("US$"), RMB and Hong Kong dollars ("HK$"). Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk from various currency exposures, primarily with respect to US$.

The Group enters into forward foreign exchange contracts to manage its foreign exchange risks, where appropriate.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Foreign exchange risk (Continued)

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	US$		HK$	
	2022	2021	**2022**	2021
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade and other receivables	**13,734**	31,104	**743**	1,712
Contract assets	**597**	15,039	**–**	–
Bank deposits	**–**	9,645	**–**	–
Amounts due from related parties	**324**	2,733	**–**	–
Cash and cash equivalents	**51,732**	14,141	**261**	2,193
Trade and other payables	**(5,684)**	(13,083)	**(1,698)**	(2,152)
Interest-bearing borrowings	**–**	(11,148)	**–**	–
Loans from a director	**(20,231)**	(19,381)	**(17,182)**	(16,624)
Amounts due to related parties	**(236)**	(150)	**(296)**	(323)
Overall net exposure	**40,236**	28,900	**(18,172)**	(15,194)

At 31 July 2022, if RMB had weakened/strengthened by 5% against US$, with all other variables held constant, post-tax loss for the year would have been approximately RMB1,443,000 lower/higher (2021: post-tax loss for the year would have been approximately RMB1,033,000 lower/higher), mainly as a result of foreign exchange gains/losses on translation of financial assets and liabilities denominated in currencies other than the functional currency of the respective group entities.

At 31 July 2022, if RMB had weakened/strengthened by 5% against HK$, with all other variables held constant, post-tax loss for the year would have been approximately RMB762,000 higher/lower (2021: post-tax loss for the year would have been approximately RMB641,000 higher/lower), mainly as a result of foreign exchange losses/gains on translation of financial assets and liabilities denominated in currencies other than the functional currency of the respective group entities.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk arises from cash at banks, trade receivables, contract assets, deposits and other receivables, and amounts due from related parties, as well as credit exposures from outstanding receivables.

(i) Risk Management

The carrying amounts of cash at banks, restricted bank balance, bank deposits, trade receivables, contract assets, deposits and other receivables, and amounts due from related parties included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets. As at 31 July 2022, 61% (2021: 37%) and 95% (2021: 94%) of the trade receivables are due from the Group's largest customer and the five largest customers, respectively.

To manage its credit risk, the Group has policies in place to ensure that products are sold to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. Normally the Group does not require collaterals from trade debtors.

Management makes periodic collective assessment as well as individual assessment on the recoverability of trade and other receivables, and amounts due from related parties based on historical payment records, the length of the overdue period, the financial strength of the trade and other debtors, and whether there are any disputes with the relevant debtors. The Group believes that adequate provision for doubtful debts has been made in the consolidated financial statements.

Cash and cash equivalents and restricted bank balances are also subject to the impairment requirements under HKFRS 9, yet the identified impairment loss is immaterial because the Group only transacts with state-owned or reputable financial institutions in the PRC and reputable international financial institutions outside of the PRC with credit rating ranges from AA- to AAA.

(ii) Impairment of financial assets and contract assets

Trade receivables and contract assets

Trade receivables and contract assets of the Group are subject to the expected credit loss model. The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based 0n the nature of customer accounts, shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets and contract assets (Continued)

Trade receivables and contract assets (Continued)

The expected loss rates are based on the payment profiles of sales over 12 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product and export of goods and services of China in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rate based on expected changes in these factors.

On that basis, the loss allowances for both trade receivables and contract assets as at 31 July 2022 and 2021 were as follows:

As at 31 July 2022	Current	1-30 days past due	31-90 days past due	Over 90 days past due	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expected loss rate	**0.03%**	**2.01%**	**–**	**100.00%**	
Gross carrying amount – Trade receivables	**17,717**	**448**	**–**	**300**	**18,465**
Loss allowance	**6**	**9**	**–**	**300**	**315**
Gross carrying amount – Contract assets	**598**	**–**	**–**	**–**	**598**
Loss allowance	**1**	**–**	**–**	**–**	**1**

As at 31 July 2021	Current	1-30 days past due	31-90 days past due	Over 90 days past due	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expected loss rate	0.03%	3.11%	–	93.23%	
Gross carrying amount – Trade receivables	39,363	322	–	325	40,010
Loss allowance	12	10	–	303	325
Gross carrying amount – Contract assets	15,044	–	–	–	15,044
Loss allowance	5	–	–	–	5

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets and contract assets (Continued)

Trade receivables and contract assets (Continued)

The loss allowances for trade receivables and contract assets as at 31 July reconcile to the opening loss allowances as follows:

	Contract assets		Trade receivables	
	2022	2021	**2022**	2021
	RMB'000	RMB'000	**RMB'000**	RMB'000
Opening loss allowance at 1 August	**5**	4	**325**	1,516
(Decrease)/increase in loss allowance recognised in profit or loss during the year	**(4)**	1	**16**	(1,191)
Receivables written off during the year as uncollectible	**–**	–	**(26)**	–
Closing loss allowance at 31 July	**1**	5	**315**	325

Other financial assets at amortised costs

Other financial assets at amortised cost include the amounts due from related parties and other receivables excluding prepayments. The credit quality of other financial assets at amortised cost has been assessed with reference to historical information about the counterparties default rates and financial position of the counterparties.

Other receivables

Other receivables and deposits are measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since recognition, impairment is measure as lifetime expected credit loss.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets and contract assets (Continued)

<u>Other financial assets at amortised costs (Continued)</u>

Other receivables (Continued)

Included in "other receivables and deposits" of 31 July 2021 was deposit of RMB34,000,000 and in which the directors are of opinion that the deposit is in default, provision of RMB34,000,000 was made as at 31 July 2020. The counterparty declared bankrupt by the Court in October 2020 and no legal action could be taken any further to recover the deposits. The balance was fully written off as at 31 July 2021 against the provision made in prior year.

Prepayment of RMB6,000,000 was placed with a contractor for the expansion of a solar plant capacity in prior year. Management decided not to proceed with the project and requested for a refund of deposit from the contractor which was outstanding as at 31 July 2021. On 18 September 2020, the Group and the counterparty entered into a repayment agreement for the deposit and the balance was reclassified as other receivables. Directors consider that there is no reasonable expectation of recovery as the counterparty failed to make contractual payments during the year ended 31 July 2021. Balance was written off as at 31 July 2021 and is presented as net impairment losses within operating profit.

Other than these balances, the directors are of the opinion that the risk of default by these other counterparties is not significant and do not expect any losses from non-performance by the counterparties. Therefore, expected credit loss of other receivables is assessed to be close to zero and no loss allowance was provided as at 31 July 2022 and 2021.

Amounts due from related parties

The directors are of the opinion that the risk of default by these counterparties is not significant and does not expect any losses from non-performance by the counterparties. Therefore, expected credit loss rate of amounts due from related parties is assessed to be close to zero and no loss allowance was provided as at 31 July 2022 and 2021.

(c) Liquidity risk

Prudent liquidity management, after considering the expected market conditions and the global health issues, implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities, and funds generated from operating activities.

The Group's primary cash requirements have been for additions to and upgrades on property, plant and equipment, settlement of borrowings, payment for trade and other payables and payment for operating expenses. The Group mainly finances its working capital requirements through a combination of internal resources and bank borrowings, as necessary.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure it maintains sufficient cash and cash equivalents and adequate amount of committed credit facilities to meet its liquidity requirements in the short and long term.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, including interest payments computed using contractual rates, based on the earliest date on which the Group can be required to pay.

	On demand	Within 6 months	Between 6 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 July 2022						
Loans from a director (including interest payments)	–	874	860	38,999	–	40,733
Trade and other payables	–	15,343	–	–	–	15,343
Amounts due to related parties	570	–	–	–	–	570
At 31 July 2021						
Loans from a director (including interest payments)	–	505	500	36,648	–	37,653
Borrowings (including interest payments)	54,531	–	–	–	–	54,531
Lease liabilities	–	217	–	–	–	217
Trade and other payables	–	28,721	–	–	–	28,721
Amounts due to related parties	633	–	–	–	–	633

(d) Cash flow and fair value interest-rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets except for the restricted bank balance and cash and cash equivalents, details of which are disclosed in note 21 and 22. The Group's exposure to changes in interest rates is mainly attributable to its bank borrowings and loans from a director, details of which are disclosed in note 24 and note 30, respectively. Borrowings carried at floating rates expose the Group to cash flow interest rate risk while those carried at fixed rates expose the Group to fair value interest-rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

As at 31 July 2022, the Group has no borrowings carried at floating rates. As at 31 July 2021, if the interest rates on borrowings had been 50 basis points higher/lower, with all other variables held constant, post-tax loss for the year would have been RMB342,000 higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowings.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Fair value estimation

The Group adopts the amendments to HKFRS 7 for financial instruments that are measured in the consolidated statement of financial position at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to estimate the fair value of an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The carrying amounts of the Group's other current financial assets, including cash and cash equivalents, restricted bank balance, trade and other receivables and amounts due from related parties, and the Group's current financial liabilities including trade and other payables, amounts due to related parties and borrowings, approximate their fair values due to their short maturities. Non-current financial liabilities, including loan from a director approximate to their fair value as the interest rates approximately equal to market interest rates.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Fair value estimation (Continued)

There was no transfer of financial assets and liabilities in the fair value hierarchy classifications for the years ended 31 July 2022 and 2021.

The following table presents the Group's financial assets that are measured at fair value at 31 July 2022 and 2021.

	2022			
	Level 1 RMB'000	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Asset				
Financial asset at fair value through other comprehensive income	**–**	**–**	**3,100**	**3,100**

	2021			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Asset				
Financial asset at fair value through other comprehensive income	–	–	3,700	3,700

3.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payments to shareholders, return capital to shareholders, issue new shares or obtain new bank borrowings.

The Group also monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position), finance lease liabilities and loan from a director less cash and cash equivalents, and restricted bank balance. Total capital is calculated as "equity", as shown in the consolidated statement of financial position, plus net debt.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Capital risk management (Continued)

The table below analyses the Group's capital structure as at 31 July 2022 and 2021:

	2022 RMB'000	2021 RMB'000
Borrowings (note 24)	–	53,625
Loans from a director (note 30(d))	37,413	36,005
Lease liabilities (note 14(b))	–	215
Less: Restricted bank balances (note 21)	(6,000)	(48,435)
Cash and cash equivalents (note 22)	(68,606)	(43,196)
Net cash	(37,193)	(1,786)
Total equity	301,955	350,802
Total capital	264,762	349,016
Gearing ratio	N/A	N/A

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Estimated impairment of non-financial assets

Non-financial assets including property, plant and equipment and right-of-use assets comprise a significant portion of the Group's total assets. They are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined and based on fair value less costs of disposal or value-in-use calculations as appropriate. To determine the recoverable amount based on fair value less costs of disposal, the Group obtained quoted market prices when available or used independent appraisals. To determine the recoverable amount based on value-in-use calculations, the Group used cash flow projection discounted at an appropriate pre-tax discount rate. The pre-tax discount rate reflects current market assessments of the time value of money and the risks specific to the asset, which requires significant judgement. The cash flow projection also requires the use of judgement and estimation regarding the financial forecasts prepared by management with major assumptions. Management derives the required cash flow projection from historical results, internal business plans, the prevailing market conditions and the expected remaining useful lives of the relevant assets. Changes to major assumptions and estimation could affect the fair value less costs of disposal and value-in-use calculations and as a result affecting the Group's reported financial condition and results of operations. Additional information for the impairment assessment of PPE and ROU is disclosed in Note 14.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

(b) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. In assessing the net realisable value and making appropriate allowances, management considers their physical conditions, age, market conditions and market price for similar items. Management reassesses these estimates at the end of each reporting period.

(c) Estimation of provision for impairment of receivables from third parties and related companies

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in note 3.1(b).

5 SEGMENT INFORMATION

The chief operating decision-maker ("CODM") has been identified as the most senior executive management of the Company. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM assesses the performance of single operating segment based on a measure of profit/loss adjusted for items not specifically attributed to individual segments, such as head office or corporate administration costs. The CODM assesses the performance of the following three reportable segments and regards them being the reportable segments. No operating segments have been aggregated to form the following reportable segments.

Plastic injection and moulding	:	manufacturing and sale of plastic moulded products and parts
Assembling of electronic products	:	assembling and sale of electronic products, including processing fees generated from assembling of electronic products
Mould design and fabrication	:	manufacturing and sale of plastic injection moulds

5 SEGMENT INFORMATION (CONTINUED)

Revenue for the year consists of the following:

	2022 RMB'000	2021 RMB'000
Revenue		
Plastic injection and moulding	**88,911**	154,099
Assembling of electronic products	**29,430**	95,732
Mould design and fabrication	**3,060**	6,365
	121,401	256,196
Timing of revenue recognition		
At a point in time	**103,163**	172,381
Over time	**18,238**	83,815
	121,401	256,196

The Group's customer base is diversified but includes three (2021: three) customers with whom transactions have individually exceeded 10% of the Group's aggregate revenue for the year ended 31 July 2022. These customers individually contributed 44%, 27% and 13% of the Group's revenue (2021: 33%, 31% and 17%), respectively.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible and current assets other than financial asset at fair value through other comprehensive income, deferred income tax assets, investment accounted for using the equity method, unallocated head office and corporate assets. Segment liabilities include trade and other payables and lease liabilities attributable to the individual segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. The measure used for reporting segment profit/loss is "segment result". To arrive at "segment result", the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as head office or corporate administration costs.

In addition to receiving segment information regarding "segment result", CODM is provided with other segment information in relation to depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations.

5 SEGMENT INFORMATION (CONTINUED)

(i) Segment results, assets and liabilities (Continued)

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 July 2022 and 2021 is set out below.

	Plastic injection and moulding		Assembling of electronic products		Mould design and fabrication		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Revenue from external customers	**88,911**	154,099	**29,430**	95,732	**3,060**	6,365	**121,401**	256,196
Reportable segment result	**9,078**	32,579	**(8,580)**	5,593	**182**	1,332	**680**	39,504
Other segment information								
Year ended 31 July								
Depreciation and amortisation for the year	**6,719**	12,041	**2,973**	5,213	**63**	339	**9,755**	17,593
Impairment on property, plant and equipment	**16,110**	3,827	**412**	1,895	**118**	47	**16,640**	5,769
Impairment on right-of-use assets	**1,415**	1,399	**–**	1,876	**822**	127	**2,237**	3,402
Provision/(reversal) for impairment of inventories	**318**	(1,222)	**4,424**	(1,439)	**–**	–	**4,742**	(2,661)
Addition to non-current assets during the year	**257**	46	**–**	500	**–**	–	**257**	546
As at 31 July								
Reportable segment assets	**161,753**	191,348	**3,861**	43,589	**9,914**	19,120	**175,528**	254,057
Reportable segment liabilities	**6,835**	8,974	**13,177**	31,375	**443**	502	**20,455**	40,851

5 SEGMENT INFORMATION (CONTINUED)

(ii) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	2022 RMB'000	2021 RMB'000
Revenue		
Reportable segment revenue	121,401	256,196
Consolidated revenue	121,401	256,196
Profit or loss		
Reportable segment profit	680	39,504
Finance income	1,056	518
Finance costs	(2,218)	(6,223)
Share of net profit of an associate accounted for using the equity method	2,130	4,447
Unallocated depreciation and amortisation	(13,026)	(7,098)
Unallocated head office and corporate expenses	(36,930)	(36,339)
Consolidated loss before income tax	(48,308)	(5,191)
Assets		
Reportable segment assets	175,528	254,057
Deferred income tax assets	–	1,027
Investment accounted for using the equity method	7,496	5,366
Financial asset at fair value through other comprehensive income	3,100	3,700
Unallocated head office and corporate assets	182,412	227,806
Consolidated total assets	368,536	491,956
Liabilities		
Reportable segment liabilities	20,455	40,851
Deferred income tax liabilities	916	2,823
Unallocated head office and corporate liabilities	45,210	97,480
Consolidated total liabilities	66,581	141,154

5 SEGMENT INFORMATION (CONTINUED)

Revenue from external customers by economic environments is analysed as follows:

	2022	2021
	RMB'000	RMB'000
Mainland China	**93,647**	151,125
Europe	**13,817**	65,327
Hong Kong	**11,921**	21,439
United States of America	**1,521**	10,966
South East Asia	**495**	7,339
	121,401	256,196

Analysis of the Group's carrying amounts of segment non-current assets has not been presented as all of the non-current assets are located in the PRC.

During the year ended 31 July 2022 and 2021, no revenue recognised was included in the contract liability balance as at the beginning of the year.

6 OTHER INCOME AND OTHER LOSSES – NET

	2022	2021
	RMB'000	RMB'000
Other income		
Sales of scrap materials	**468**	242
Government grants (Note (i))	**3,542**	4,209
Sundry income	**553**	571
	4,563	5,022
Other losses – net		
Impairment on property, plant and equipment (note 14(a))	**(16,640)**	(5,769)
Impairment on right-of-use assets (note 14(b))	**(2,237)**	(3,402)
Net foreign exchange gains/(losses)	**1,406**	(1,990)
Net (loss)/gain on disposal of property, plant and equipment and right-of-use assets	**(4,807)**	2,765
Net loss on property, plant and equipment and right-of-use assets written off (Note (ii))	**(8,833)**	–
Reversal of accruals	**5,013**	–
Gain on deemed disposal of an associate (note 17)	**–**	919
	(26,098)	(7,477)

6 OTHER INCOME AND OTHER LOSSES – NET (CONTINUED)

Notes:

(i) Government grants are mainly related to government subsidies received by the Group from relevant government bodies for the purpose of encouraging the use of renewable energies.

(ii) During the year ended 31 July 2022, management has written off the property, plant and equipment and right-of-use assets due to no foreseeable orders as a result of shrinkage in production operation.

7 OPERATING LOSS

The Group's operating loss is arrived at after charging/(crediting) the following:

	2022 RMB'000	2021 RMB'000
Auditors' remuneration		
– Audit services	1,602	1,620
– Non-audit services	111	179
Legal and professional fee	1,848	4,442
Cost of sales (Note)	111,227	201,889
Net impairment losses on financial assets (note 3.1(b))	12	4,810
Depreciation on property, plant and equipment (note 14(a))	22,096	21,249
Depreciation on right-of-use assets (note 14(b))	685	3,442
Expenses relating to short-term leases	1,492	1,516
Provision/(reversal of provision) for impairment of inventories (note 18)	4,742	(2,661)
Staff costs (note 10)	40,613	65,131

Note:

Cost of sales included staff costs, depreciation, provision for impairment of inventories and expenses relating to short-term leases, amounting to RMB40,895,000 (2021: RMB52,439,000) in aggregate, which are also included in the respective total amounts disclosed separately above for each type of the expenses.

8 FINANCE COSTS – NET

	2022 RMB'000	2021 RMB'000
Finance income		
Bank interest income	**(1,056)**	(518)
Finance costs		
Interest on bank borrowings	**854**	4,392
Interest on loans from a director	**1,251**	1,346
Interest expenses on lease liabilities	**7**	388
Less: borrowing costs capitalised as construction in progress (Note)	**–**	(46)
	2,112	6,080
Other finance charges	**106**	143
	2,218	6,223
Finance costs – net	**1,162**	5,705

Note:

No borrowing costs had been capitalised as there were no qualifying asset during the year ended 31 July 2022. During the year ended 31 July 2021, borrowing costs had been capitalised at the Group's weighted average effective interest rate of 5.1% per annum for construction in progress.

9 INCOME TAX CREDIT/(EXPENSE)

	2022 RMB'000	2021 RMB'000
Current income tax		
Current PRC corporate income tax	**(818)**	(329)
Deferred income tax		
Origination and reversal of temporary differences (note 25)	**879**	(92)
	61	(421)

No provision has been made for Hong Kong profits tax as the Group did not earn income subject to Hong Kong profits tax during the years ended 31 July 2022 and 2021.

The Group's subsidiaries established in the PRC are subject to a corporate income tax rate of 25%.

Pursuant to the relevant corporate income tax rules and regulations, withholding tax is imposed on dividends in respect of profits earned by the Company's PRC subsidiaries from 1 January 2008 onwards.

The Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

9 INCOME TAX CREDIT/(EXPENSE) (CONTINUED)

The tax charge on the Group's loss before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to results of the consolidated companies as follows:

	2022 RMB'000	2021 RMB'000
Loss before income tax	(48,308)	(5,191)
Tax calculated at the applicable domestic tax rate of respective companies	(11,852)	(1,510)
Tax effect of non-deductible expenses	8,429	2,082
Tax effect of tax losses not recognised	5,269	210
Tax effect on withholding tax of retained profits in the PRC subsidiaries	(1,907)	(24)
Utilisation of previously unrecognised tax losses	–	(337)
	(61)	421

10 STAFF COSTS

	2022 RMB'000	2021 RMB'000
Salaries, wages and allowances	32,881	52,946
Contribution to retirement benefit schemes	2,856	1,610
Termination benefits	4,876	10,575
	40,613	65,131

Staff costs include directors' remuneration totalling RMB5,181,000 (2021: RMB6,389,000) (note 11).

Subsidiaries of the Company operating in the PRC participate in a government pension scheme whereby the subsidiaries are required to pay annual contributions at rates from 13% to 21% of the standard wages of employees as determined by the relevant authorities in the PRC. Under the scheme, retirement benefits of existing and former employees are payable by the relevant authorities and the Group has no further obligations beyond the annual contributions. No forfeited contributions were utilised during the year ended 31 July 2022 (2021: nil) and no balance is available as at 31 July 2022 (2021: nil) to reduce future contributions.

The Group did not operate nor participate in any other scheme for retirement benefits provided to the Group's employees during the year.

11 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of directors for the year ended 31 July 2022 is set out below:

	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Housing allowance RMB'000	Share-based payments RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Remunerations paid or receivable in respect of accepting office as director RMB'000	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings RMB'000	Total RMB'000
Executive directors									
Beh Kim Ling	-	2,981	-	-	-	-	-	-	2,981
Beh Chern Wei	-	758	-	-	-	-	-	-	758
Gan Sem Yam	-	341	-	-	-	-	-	-	341
Zhang Pei Yu	-	736	-	-	-	-	-	-	736
	-	4,816	-	-	-	-	-	-	4,816
Independent non-executive directors									
Diong Tai Pew	116	-	-	-	-	-	-	-	116
Fu Xiao Nan	116	-	-	-	-	-	-	-	116
Tang Sim Cheow	133	-	-	-	-	-	-	-	133
	365	-	-	-	-	-	-	-	365
	365	4,816	-	-	-	-	-	-	5,181

11 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' emoluments (Continued)

The remuneration of directors for the year ended 31 July 2021 is set out below:

	Fees	Salaries	Discretionary bonuses	Housing allowance	Share-based payments	Employer's contribution to a retirement benefit scheme	Remunerations paid or receivable in respect of accepting office as director	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors									
Beh Kim Ling	–	3,746	–	–	–	–	–	–	3,746
Beh Chern Wei	–	758	–	–	–	–	–	–	758
Gan Sem Yam	–	351	–	–	–	–	–	–	351
Zhang Pei Yu	–	736	–	–	–	–	–	–	736
	–	5,591	–	–	–	–	–	–	5,591
Non-executive director									
Gan Tiong Sia	153	–	–	–	–	–	–	–	153
Independent non-executive directors									
Diong Tai Pew	203	–	–	–	–	–	–	–	203
Fu Xiao Nan	203	–	–	–	–	–	–	–	203
Tang Sim Cheow	239	–	–	–	–	–	–	–	239
	645	–	–	–	–	–	–	–	645
	798	5,591	–	–	–	–	–	–	6,389

11 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' emoluments (Continued)

	Aggregate emoluments paid to or receivable by directors in respect of their services as directors, whether of the Company or its subsidiary undertakings	Aggregate emoluments paid to or receivable by directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertakings	Total
	RMB'000	RMB'000	RMB'000
For the year ended 31 July 2022	365	4,816	5,181
For the year ended 31 July 2021	798	5,591	6,389

Salary paid to a director is generally an emolument paid or receivable in respect of that person's other services in connection with the management of the affairs of the Company or its subsidiary undertakings.

(b) Directors' retirement benefits

None of the directors receive any retirement benefits during the year (2021: Nil).

(c) Directors' termination benefits

None of the directors receive or will receive any termination benefits during the year (2021: Nil).

(d) Consideration provided to third parties for making available directors' services

During the year ended 31 July 2022, the Company did not pay consideration to any third parties for making available directors' services (2021: Nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 July 2022, there was no loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled body corporates and connected entities of such directors (2021: Nil).

11 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2021: Nil).

12 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments three (2021: three) are directors whose emoluments are disclosed in note 11. The aggregate emoluments in respect of the remaining two (2021: two) individual are as follows:

	2022 RMB'000	2021 RMB'000
Salaries and other emoluments	1,397	1,357

The emoluments of the two (2021: two) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2022	2021
Nil – HK$1,000,000	2	2

There were no amounts paid during the year ended 31 July 2022 (2021: Nil) to the directors or any of the five highest paid individuals as inducement to join or upon joining the Company or the Group or as compensation for loss of office. There was no arrangement under which directors of the Company waived or agreed to waive any emoluments during the year (2021: Nil).

13 LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of RMB48,247,000 (2021: RMB5,612,000) and the weighted average number of ordinary shares in issue during the year as follows:

	2022	2021
	RMB'000	RMB'000
Loss for the year attributable to owners of the Company	**(48,247)**	(5,612)

	2022	2021
Weighted average number of ordinary shares in issue ('000)	**2,307,513**	2,307,513
Basic and diluted loss per share (RMB cents)	**(2.09)**	(0.24)

For the years ended 31 July 2022 and 2021, diluted loss per share equals to basic loss per share as there were no potential dilutive ordinary shares outstanding during the year.

14 PROPERTY, PLANT AND EQUIPMENT, AND LAND USE RIGHTS AND LEASES

(a) Property, plant and equipment, and land use rights

	Buildings RMB'000	Leasehold improvements RMB'000	Plant, moulds and machinery RMB'000	Power generating machinery and equipment RMB'000	Office equipment, furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost								
At 1 August 2020	251,143	27,261	497,217	68,118	39,655	15,188	1,179	899,761
Additions	–	–	500	–	–	–	46	546
Transfer	–	–	1,199	–	–	–	(1,199)	–
Disposals/written off	–	–	(19,080)	–	(2,099)	(4,412)	(26)	(25,617)
At 31 July 2021	251,143	27,261	479,836	68,118	37,556	10,776	–	874,690
At 1 August 2021	**251,143**	**27,261**	**479,836**	**68,118**	**37,556**	**10,776**	**–**	**874,690**
Additions	**–**	**–**	**248**	**–**	**9**	**–**	**–**	**257**
Disposals/written off	**(1,415)**	**(14,751)**	**(134,040)**	**–**	**(13,260)**	**(1,680)**	**–**	**(165,146)**
At 31 July 2022	**249,728**	**12,510**	**346,044**	**68,118**	**24,305**	**9,096**	**–**	**709,801**
Accumulated depreciation, amortisation and impairment								
At 1 August 2020	85,992	22,832	437,557	14,722	33,775	13,868	–	608,746
Charge for the year	7,069	1,014	7,460	4,324	1,182	200	–	21,249
Disposals/written off	–	–	(17,828)	–	(2,061)	(4,239)	–	(24,128)
Impairment	–	16	4,959	–	63	731	–	5,769
At 31 July 2021	93,061	23,862	432,148	19,046	32,959	10,560	–	611,636
At 1 August 2021	**93,061**	**23,862**	**432,148**	**19,046**	**32,959**	**10,560**	**–**	**611,636**
Charge for the year	**6,441**	**702**	**9,173**	**5,043**	**737**	**–**	**–**	**22,096**
Disposals/written off	**(1,270)**	**(12,257)**	**(123,220)**	**–**	**(11,827)**	**(1,652)**	**–**	**(150,226)**
Impairment	**–**	**–**	**7,217**	**8,143**	**1,280**	**–**	**–**	**16,640**
At 31 July 2022	**98,232**	**12,307**	**325,318**	**32,232**	**23,149**	**8,908**	**–**	**500,146**
Net book value								
At 31 July 2022	**151,496**	**203**	**20,726**	**35,886**	**1,156**	**188**	**–**	**209,655**
At 31 July 2021	158,082	3,399	47,688	49,072	4,597	216	–	263,054

14 PROPERTY, PLANT AND EQUIPMENT, AND LAND USE RIGHTS AND LEASES (CONTINUED)

(a) Property, plant and equipment, and land use rights (Continued)

Depreciation incurred during the year is attributable to the following:

	2022 RMB'000	2021 RMB'000
Cost of sales	**11,470**	8,480
Distribution costs	**2**	440
General and administrative expenses	**10,624**	12,329
	22,096	21,249

The impairment on property, plant and equipment amounting to RMB16,640,000 (2021: RMB5,769,000) was charged to "other losses – net".

(b) Right-of-use assets and lease liabilities

The consolidated statement of financial position shows the following amounts relating to the leases:

	As at 31 July 2022 RMB'000	As at 31 July 2021 RMB'000
Right-of-use assets		
Land use rights	**12,139**	12,542
Machineries	**2,808**	12,008
Total right-of-use assets	**14,947**	24,550

14 PROPERTY, PLANT AND EQUIPMENT, AND LAND USE RIGHTS AND LEASES (CONTINUED)

(b) Right-of-use assets and lease liabilities (Continued)

	As at 31 July 2022 RMB'000	As at 31 July 2021 RMB'000
Lease liabilities		
Current	**–**	215
Non-current	**–**	–
	–	215

During the year ended 31 July 2022, there was no addition of right-of-use assets.

The consolidated statement of comprehensive income shows the following amounts relating to the leases:

	Year ended 31 July 2022 RMB'000	Year ended 31 July 2021 RMB'000
Depreciation of right-of-use assets		
Land-use rights	**403**	403
Machineries	**282**	3,039
	685	3,442
Interest expense (included in finance cost)	**7**	388
Expense relating to short-term leases (included in cost of sales, distribution costs and general and administrative expenses)	**1,492**	1,516
Impairment on right-of-use assets	**2,237**	3,402

Note:

For the year ended 31 July 2022, depreciation of right-of-use assets of RMB685,000 (2021: RMB3,442,000) was included in cost of sales.

The impairment on right-of-use assets amounting to RMB2,237,000 (2021: RMB3,402,000) was charged to "other losses – net".

For the year ended 31 July 2022, the total cash outflow for leases was RMB1,714,000 (2021: RMB7,663,000).

14 PROPERTY, PLANT AND EQUIPMENT, AND LAND USE RIGHTS AND LEASES (CONTINUED)

(c) Impairment on property, plant and equipment and right-of-use assets

The unstable trading relationship between China and the US continues to adversely impact the Group's business performance. Management ceased operation of certain manufacturing lines in previous year in which, certain machinery and equipment (included in PPE and ROU) with a carrying amount of RMB7,440,000 (before impairment provision made in the current year) were not expected to be used in production in the future. Therefore, there is no future economic benefit arisen from these machinery and equipment and the related value-in-use is neglectable. For these machinery and equipment, management estimated the recoverable amount of RMB1,429,000 based on their fair value less costs of disposal by making reference to price quotation obtained from a third-party buyer. Accordingly, for the year ended 31 July 2022, impairment losses of PPE and ROU of RMB4,801,000 and RMB1,210,000, respectively, were further recognised in the consolidated income statement (2021: RMB5,769,000 and RMB3,402,000).

For the remaining of PPE and ROU (excluding land and buildings) with carrying value of RMB72,201,000 (before impairment provision made in the current year), management performed impairment assessment by CGUs as at 31 July 2022. The Group regarded the machinery and equipment used in business operation, and solar power generating machinery and equipment as attributable to separately identifiable CGUs. For the impairment testing purpose, the recoverable amounts of the CGUs are determined based on value-in-use calculations, which are higher than the fair value less costs of disposal calculations.

For the machinery and equipment used in business operation, in estimating the present value of future net cash flows of the business operation CGU, after considering the historical results, the prevailing market trends and the expected remaining useful lives of the relevant PPE and ROU, the management made key assumptions and estimation on the financial forecasts with major assumptions such as percentage changes in revenue in the first year of -40% and in second to the eighth year of 0% and gross profit margin of 4% as well as pre-tax discount rate of 12%. Accordingly, for the year ended 31 July 2022, impairment losses of PPE and ROU of RMB3,696,000 and RMB1,027,000, respectively, were recognised in the consolidated income statement (2021: nil).

If the forecast revenue growth rate had been lowered by 10 basis point for the machinery and equipment used in business operation for the forecasted projection period in the second to the eighth year, a further impairment of PPE and ROU of approximately RMB1,658,000 would have been resulted.

If the discount rate had been increased to 14% for the machinery and equipment used in business operation for the forecasted projection period in the second to the eighth year, a further impairment of PPE and ROU of approximately RMB1,890,000 would have been resulted.

For the solar power generating machinery and equipment, in estimating the present value of future net cash flows of the CGU, after considering the historical results, the prevailing price of electricity and government policies and the expected remaining useful lives of the relevant PPE, the management has made key assumptions and estimation on the financial forecasts with major assumptions such as estimated electricity generating from the solar power generating machinery and equipment of the remaining useful life as well as pre-tax discount rate of 12%. Accordingly, for the year ended 31 July 2022, impairment losses of PPE of RMB8,143,000 were recognised in the consolidated income statement (2021: nil).

14 PROPERTY, PLANT AND EQUIPMENT, AND LAND USE RIGHTS AND LEASES (CONTINUED)

(c) Impairment on property, plant and equipment and right-of-use assets (Continued)

If the forecast estimated electricity generated had been lowered by 40 basis point for the solar power generating machinery and equipment for the forecasted projection period, a further impairment of approximately RMB2,264,000 would have been resulted.

If the discount rate had been increased to 14% for the solar power generating machinery and equipment for the forecasted projection period, a further impairment of PPE of approximately RMB3,453,000 would have been resulted.

For land and buildings of RMB163,838,000, management has assessed the recoverable amount based on its fair value less costs of disposal with reference to fair value of the land and buildings assessed by independent professional valuer through market approach. The fair value of land and buildings is categorised in level 2 of the fair value hierarchy. No impairment provision was made for the land and buildings as its recoverable amount was higher than the carrying value.

15 FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial asset at fair value through other comprehensive income includes the following:

	2022	2021
	RMB'000	RMB'000
Unlisted equity investment in the PRC (Note (a))	**3,100**	3,700

Movements of the carrying amount of financial asset at fair value through other comprehensive income is as follows:

	2022	2021
	RMB'000	RMB'000
Beginning of the year	**3,700**	4,000
Change in value on fair value through other comprehensive income	**(600)**	(300)
End of the year	**3,100**	3,700

Notes:

(a) The balance represented fair value of the Group's 10% equity interest in Qingdao GS Electronics Plastics Co., Ltd., a company incorporated in the PRC, and is denominated in RMB.

(b) Valuation of financial asset at fair value through other comprehensive income

The fair value of the unlisted equity investment that is not traded in an active market is determined by an independent qualified valuer, Asset Appraisal Limited.

The valuation of financial asset at fair value through other comprehensive income determined using discounted cash flow projections and are within level 3 of fair value hierarchy. The significant unobservable inputs are revenue growth rate of 2.0% and the discount rate of 14.9%. The lower the discount rate, the higher the fair value of the investment. The higher the revenue growth rate, the higher the fair value of the investment.

16 SUBSIDIARIES

Details of the Group's subsidiaries at 31 July 2022 are set out below.

Name of company	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued and paid up capital	Proportion of ownership interest		
				Group's effective interest	Held by the Company	Held by subsidiaries
V.S. International Industry Limited ("VSIIL")	British Virgin Islands ("BVI"), limited liability company	Investment holding in the PRC	US$100	100%	100%	–
V.S. Corporation (Hong Kong) Co. Limited ("VSHK")	Hong Kong, limited liability company	Trading of electronic products, parts and components, and investment holding in the PRC	HK$75,000,002 (HK$75,000,000 non-voting deferred shares and HK$2 ordinary shares (Note (ii))	100%	–	100%
V.S. Technology Industry Park (Zhuhai) Co. Ltd 威士茂科技工業園(珠海)有限公司 (Note (i))	PRC, limited liability company	Property investments	US$18,820,000	100%	–	100%
Haivs Industry (Qingdao) Co Ltd 海士茂電子塑膠(青島)有限公司 (Note (i))	PRC, limited liability company	Investment holding in the PRC	RMB32,150,000	100%	–	100%
Qingdao GP Precision Mold Co Ltd. 青島偉立精密模具有限公司 (Note (i))	PRC, limited liability company	Investment holding in the PRC	US$3,000,000	100%	–	100%
VSA Holding Hong Kong Co., Limited	Hong Kong, limited liability company	Investment holding in the PRC	HK$15,600,000	100%	–	100%
Energy Ally Global Limited	BVI, limited liability company	Investment holding in the PRC	US$10,000	100%	100%	–
VSA Electronics Technology (Zhuhai) Co Ltd. 威士茂安商住電子科技(珠海)有限公司 (Note (i))	PRC, limited liability company	Investment holding in the PRC	US$15,250,000	100%	–	100%
V.S. Industry (Zhuhai) Co., Ltd. 威士茂電子塑膠(珠海)有限公司 (Note (i))	PRC, limited liability company	Manufacturing and selling of plastic moulded products and parts in the PRC	US$9,540,000	100%	–	100%

16 SUBSIDIARIES (CONTINUED)

Name of company	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries
V.S. Holding Vietnam Limited	BVI, limited liability company	Investment holding in Vietnam	US$100	100%	100%	–
V.S. Industry Holding Limited	Hong Kong, limited liability company	Investment holding in the PRC	HK$100	100%	100%	–
V.S. ECO-TECH (Zhuhai) Co., Ltd. 威士茂環保科技(珠海)有限公司 (Note (i))	PRC, limited liability company	Inactive	RMB7,250,000	100%	–	100%
V.S. Industrial Product Design (Zhuhai) Co. Ltd. 珠海市威士茂工業產品設計有限公司 (Note (iii))	PRC, limited liability company	Inactive	RMB15,000,000	100%	–	100%
Zhuhai Deyuan Energy Conservation Technology Company Limited 珠海德源節能科技有限公司 (Note (iii))	PRC, limited liability company	Operation and management of rooftop solar plant	RMB74,000,000	100%	–	100%

Notes:

(i) These are wholly foreign owned enterprises established in the PRC.

(ii) In accordance with the articles of association of VSHK, any shareholder holding the 75,000,000 non-voting deferred shares is not entitled to any dividend or any participation in the profits or assets of VSHK and is also not entitled to vote at any general meeting.

(iii) The English names of the companies established in the PRC represent the best effort by the directors in translating their Chinese names as they do not have an official English names.

17 INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

	2022 RMB'000	2021 RMB'000
Beginning of the year	**5,366**	–
Gain on deemed disposal (Note)	**–**	919
Share of profit of an associate	**2,130**	4,447
End of the year	**7,496**	5,366

The particulars of the Group's associate as at 31 July 2022 and 2021 are as follows:

Name of company	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of capital	% of attributable interests held indirectly 2022	% of attributable interests held indirectly 2021	Measurement method
VS Industry Vietnam Joint Stock Company ("VS Vietnam")	Vietnam, Limited liability company	Manufacturing and selling of plastic moulded products and parts in Vietnam	Legal capital of US$21,291,213	**18.74%**	18.74%	Equity method

VS Vietnam is a private company and there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's interest in the associate.

Note:

On 1 August 2020, VS Vietnam entered into a capital injection agreement with an existing shareholder which agreed to contribute machineries valued at USD4,000,000 (equivalent to approximately RMB25,841,000) mutually agreed by the shareholders into VS Vietnam. Upon the completion of the transaction on 25 August 2020, the Group's equity interest in VS Vietnam decreased from 24.31% to 18.74%. An amount of USD140,000 (equivalent to approximately RMB919,000) resulting from gain on deemed disposal of the Group's equity interest in associate after sharing accumulated loss of USD610,000 (equivalent to approximately RMB4,001,000) was recognised in the consolidated income statement of the Group.

17 INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

Set out below are the summarised financial information for VS Vietnam which is accounted for using the equity method.

Summarised statement of financial position

	2022 RMB'000	2021 RMB'000
Current assets	269,721	210,998
Non-current assets	63,316	74,326
Current liabilities	(262,631)	(226,011)
Non-current liabilities	(30,404)	(30,677)
Net assets	40,002	28,636

Summarised statement of comprehensive income

	2022 RMB'000	2021 RMB'000
Revenue	514,484	449,837
Expenses	(504,773)	(436,777)
Profit for the year	9,711	13,060
Other comprehensive income/(loss)	1,655	(6,437)
Total comprehensive income	11,366	6,623

Reconciliation of the summarised financial information presented to the carrying amount of its interest in VS Vietnam is as follows:

	2022 RMB'000	2021 RMB'000
Opening net assets/(liabilities)	28,636	(3,828)
Capital injection by an existing shareholder	–	25,841
Total comprehensive income	11,366	6,623
Closing net assets	40,002	28,636
Effective interest in an associate	18.74%	18.74%
Carrying value	7,496	5,366

18 INVENTORIES

Inventories included in the consolidated statement of financial position comprise:

	2022 RMB'000	2021 RMB'000
Raw materials	**12,742**	17,511
Work-in-progress	**1,378**	1,077
Finished goods	**15,339**	14,208
Inventories – gross	**29,459**	32,796
Provision for impairment	**(13,014)**	(8,361)
Inventories – net	**16,445**	24,435

During the year ended 31 July 2022, write-downs of inventories to net realisable value amounted to RMB4,742,000 (2021: reversal of written down inventories amounted to RMB2,661,000) was recognised as an expense and included in cost of sales in the consolidated statements of profit or loss.

Movements in the Group's provision for impairment of inventories are as follows:

	2022 RMB'000	2021 RMB'000
Beginning of the year	**8,361**	11,317
Provision/(reversal of provision) for impairment for the year	**4,742**	(2,661)
Write-off	**(89)**	(295)
End of the year	**13,014**	8,361

19 CONTRACT ASSETS

	2022 RMB'000	2021 RMB'000
Contract assets – gross	**598**	15,044
Less: Loss allowance	**(1)**	(5)
Contract assets – net	**597**	15,039

Contract assets related to sales consisted of unbilled amounts resulting from sales of goods when revenue recognised over time exceeds the amounts billed to the customers.

The carrying amounts of the contract assets are denominated in US$.

20 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2022 RMB'000	2021 RMB'000
Trade receivables	**18,465**	40,010
Less: Loss allowance	**(315)**	(325)
Trade receivables – net	**18,150**	39,685
Other receivables, deposits and prepayments	**22,877**	20,397
Total trade and other receivables, deposits and prepayments (current)	**41,027**	60,082

Notes:

(a) Other receivables, deposits and prepayments primarily included government subsidy receivable and other receivable arising from disposal of PPE.

(b) The ageing analysis of the Group's trade receivables by invoice date is as follows:

	2022 RMB'000	2021 RMB'000
Up to 3 months	**15,717**	39,180
3 to 6 months	**2,448**	505
Over 6 months	**300**	325
	18,465	40,010

The maximum exposure to credit risk at the reporting date is the carrying amounts of each class of receivable mentioned above. Certain trade receivables have been pledged as security for certain banking facilities, including trade finances and bank loans (note 24).

(c) The carrying amounts of the trade and other receivables are denominated in the following currencies:

	2022 RMB'000	2021 RMB'000
US$	**13,734**	31,104
RMB	**26,550**	27,266
HK$	**743**	1,712
	41,027	60,082

21 RESTRICTED BANK BALANCES

	2022 RMB'000	2021 RMB'000
Deposits with banks (Note (a))	**5,000**	47,435
Other restricted bank balance (Note (b))	**1,000**	1,000
	6,000	48,435

Notes:

(a) As at 31 July 2022, the deposits were placed in a restricted bank account, and the deposits was subsequently released from restriction in September 2022.

As at 31 July 2021, the deposits were pledged to banks as security for certain banking facilities (note 24). The interest rate of these pledged bank deposits ranged from 0.10% to 1.55% per annum.

(b) As at 31 July 2022, bank balance of approximately RMB1,000,000 (2021: 1,000,000) was restricted for a pending legal dispute with an ex-employee as ordered by the court in the PRC. Subsequent to 31 July 2022, the legal dispute has been settled and the restriction on the balance was lifted.

The carrying amounts of the restricted bank balances are denominated in the following currencies:

	2022 RMB'000	2021 RMB'000
RMB	**6,000**	38,790
US$	**–**	9,645
	6,000	48,435

22 CASH AND CASH EQUIVALENTS

	2022 RMB'000	2021 RMB'000
Cash at banks and on hand	**41,631**	43,196
Short term bank deposits (Note)	**26,975**	–
	68,606	43,196

22 CASH AND CASH EQUIVALENTS (CONTINUED)

Note:

As at 31 July 2022, the interest rate for short term bank deposit is 1.5% per annum, and is denominated in US$ with original maturity of not more than 3 months (2021: nil).

The carrying amounts of the cash and cash equivalents are denominated in the following currencies:

	2022 RMB'000	2021 RMB'000
US$	**51,732**	14,141
RMB	**16,613**	26,862
HK$	**261**	2,193
	68,606	43,196

The Group's cash and bank balances of RMB16,598,000 (2021: RMB26,843,000) were denominated in RMB and were deposited with bank in the PRC. The conversion of these RMB denominated balances into foreign currencies and remittance of these deposits out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

23 TRADE AND OTHER PAYABLES

	2022 RMB'000	2021 RMB'000
Trade payables	**7,876**	22,702
Accrued expenses and other payables (Note(a))	**11,154**	17,052
Payables for the purchase of property, plant and equipment	**38**	38
Contract liabilities (Note(b))	**8,396**	7,875
Deposit received	**125**	125
Trade and other payables	**27,589**	47,792

Notes:

(a) The accrued expenses and other payables primarily include accrued staff costs, accrued transportation costs, interest payables and value-added tax payables.

(b) Contract liabilities include receipts in advance from customers.

23 TRADE AND OTHER PAYABLES (CONTINUED)

The ageing analysis of trade payables based on invoice date is as follows:

	2022 RMB'000	2021 RMB'000
Less than 1 month	**2,910**	7,948
1 to 3 months	**3,284**	7,328
More than 3 months	**1,682**	7,426
	7,876	22,702

The carrying amounts of the trade and other payables are denominated in the following currencies:

	2022 RMB'000	2021 RMB'000
RMB	**20,207**	32,557
US$	**5,684**	13,083
HK$	**1,698**	2,152
	27,589	47,792

24 BORROWINGS

	2022 RMB'000	2021 RMB'000
Current		
Short-term bank borrowings, secured	**–**	21,876
Trust receipts bank loans, secured	**–**	31,749
Total borrowings	**–**	53,625

As at 31 July 2021, the entire amounts of short-term bank borrowings and trust receipts bank loans are related to banking facilities containing a repayment on demand clause.

24 BORROWINGS (CONTINUED)

The exposure of the Group's borrowings to interest rate changes and the weighted average effective interest rates at the date of financial position are as follows:

	2022 RMB'000	2021 RMB'000
– at floating rates	–	53,625

	2022	2021
Trust receipt bank loans	–	4.3%
Other bank borrowings	–	5.2%

The carrying amounts of the borrowings are denominated in the following currencies:

	2022 RMB'000	2021 RMB'000
RMB	–	42,477
US$	–	11,148
	–	53,625

Certain banking facilities, including trade finances and bank loans, are secured by the following assets of the Group:

	2022 RMB'000	2021 RMB'000
Trade receivables	–	16,824
Restricted bank deposits (note 21)	–	47,435
	–	64,259

As at 31 July 2021, the secured banking facilities, including trade finances, overdrafts and bank loans, totalling RMB77,522,000 were utilised to the extent of RMB53,625,000.

25 DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2022 **RMB'000**	2021 RMB'000
Deferred tax assets:		
– to be recovered after more than 12 months	**–**	1,027
Deferred tax liabilities:		
– to be recovered after more than 12 months	**(916)**	(2,823)
Deferred tax liabilities – net	**(916)**	(1,796)

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movement during the year are as follows:

	Deferred tax on the impairment losses of trade receivables and inventories RMB'000	**Withholding tax on future dividend income from PRC subsidiaries** RMB'000	**Total** RMB'000
At 1 August 2020	1,143	(2,847)	(1,704)
(Charged)/credited to profit or loss (note 9)	(116)	24	(92)
At 31 July 2021	1,027	(2,823)	(1,796)
At 1 August 2021	**1,027**	**(2,823)**	**(1,796)**
(Charged)/credited to profit or loss (note 9)	**(1,027)**	**1,907**	**880**
At 31 July 2022	**–**	**(916)**	**(916)**

The Group did not recognise deferred income tax assets of RMB25,029,000 (2021: RMB23,663,000) in respect of tax losses amounting to RMB124,614,000 (2021: RMB96,328,000) due to the unpredictability of future profit streams. The tax losses can be carried forward against future taxable income, which will expire between 2023 and 2027 (2021: 2022 and 2026).

26 SHARE CAPITAL AND SHARE PREMIUM

	2022			2021		
	Number of shares ('000)	Share capital ('000)	Share premium ('000)	Number of shares ('000)	Share capital ('000)	Share premium ('000)
Authorised:						
Ordinary shares of HK$0.05 each	4,000,000	200,000	–	4,000,000	200,000	–
Issued and fully paid:						
(RMB'000)						
At beginning and end of year	2,307,513	105,013	306,364	2,307,513	105,013	306,364

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

27 OTHER DEFICITS

	Note	Capital reserves RMB'000	Statutory reserve fund RMB'000 (Note)	Financial asset at fair value through other comprehensive income reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 August 2020		11,752	61,723	(4,198)	(123,940)	(54,663)
Comprehensive loss						
Loss for the year		–	–	–	(5,612)	(5,612)
Other comprehensive loss						
Changes in value on financial asset at fair value through other comprehensive income	15	–	–	(300)	–	(300)
Total comprehensive loss		–	–	(300)	(5,612)	(5,912)
Appropriation (Note)		–	272	–	(272)	–
Total transactions with owners, recognised directly in equity		–	272	–	(272)	–
Balance at 31 July 2021 and 1 August 2021		11,752	61,995	(4,498)	(129,824)	(60,575)
Comprehensive loss						
Loss for the year		–	–	–	(48,247)	(48,247)
Other comprehensive loss						
Changes in value on financial asset at fair value through other comprehensive income	15	–	–	(600)	–	(600)
Total comprehensive loss		–	–	(600)	(48,247)	(48,847)
Balance at 31 July 2022		11,752	61,995	(5,098)	(178,071)	(109,422)

27 OTHER DEFICITS (CONTINUED)

Note:

Statutory reserve fund

According to the articles of association of the subsidiaries of the Company in the PRC, the subsidiaries are required to transfer at least 10% of their net profit, as determined in accordance with PRC accounting rules and regulations applicable to enterprises with foreign investment, to the statutory reserve fund until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend.

The statutory reserve fund can be used to make good previous years' losses, if any, and may be converted into capital.

28 DIVIDENDS

No dividend has been paid or declared by the Company for the years ended 31 July 2022 and 2021.

29 CAPITAL COMMITMENTS

There are no capital commitments outstanding at 31 July 2022 and 2021 not provided for in the consolidated financial statements.

30 SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of the consolidated financial statements, parties are considered to be related to the Group if the parties have the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

30 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group entered into the following significant related party transactions:

	2022 **RMB'000**	2021 RMB'000
Sales of goods to the ultimate holding company	**–**	34
Sales of goods to an associate	**689**	1,738
	689	1,772
Sales of machineries to the ultimate holding company	**–**	2,400
Sales of machineries to a company controlled by the family member of a director	**538**	–
Expense relating to leases paid and payable to a company controlled by a director	**1,462**	1,462
Purchase of machineries from a company controlled by a director	**–**	451
Sub-contracting fee paid and payable to a company controlled by the family member of a director	**–**	833
Technical service fee received and receivable from a company controlled by the family member of a director	**423**	402
Repair and maintenance services paid and payable to a company controlled by the family member of a director	**315**	145

The transactions described above were entered into at terms and prices mutually agreed between the relevant parties.

30 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Amounts due from related parties were detailed as follows:

	2022 **RMB'000**	2021 RMB'000
Amount due from a company controlled by a director	**339**	339
Amount due from the ultimate holding company	**–**	995
Amount due from an associate (Note)	**324**	1,738
	663	3,072

Amounts due from related parties other than an associate are interest-free, unsecured and repayable on demand.

Note:

As at 31 July 2022, the entire amount due from an associate arise from trading transactions which are interest-free and unsecured. An aging analysis based on invoice date is as follows:

	2022 **RMB'000**	2021 RMB'000
Up to 3 months	**324**	1,738

The maximum exposure to credit risk is the fair value of the above receivables.

The carrying amounts of the amounts due from related parties are denominated in the following currencies:

	2022 **RMB'000**	2021 RMB'000
US$	**324**	2,733
RMB	**339**	339
	663	3,072

30 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Amounts due to related parties were detailed as follows:

	2022 RMB'000	2021 RMB'000
Amount due to a company controlled by a family member of a director	38	160
Amounts due to directors	532	473
	570	633

The amounts due to related parties are interest-free, unsecured and repayable on demand.

The carrying amounts of the amounts due to related parties are denominated in the following currencies:

	2022 RMB'000	2021 RMB'000
RMB	38	160
HK$	296	323
US$	236	150
	570	633

(d) Loan from a director

As at 31 July 2022, loan from a director were unsecured, interest-bearing at the rate of 4.57% (2021: 3.0%) per annum and due for repayment on 30 June 2024 (2021: 21 March 2023). The carrying amount of the loans from a director approximated their fair value.

The carrying amounts of loans from a director are denominated in the following currencies:

	2022 RMB'000	2021 RMB'000
US$	20,231	19,381
HK$	17,182	16,624
	37,413	36,005

(e) Key management personnel remuneration

The Group has not identified any person, other than the directors of the Company, having the authority and responsibility for planning, directing and controlling the activities of the Group. Details of the remuneration of the directors of the Company are set out in note 11.

31 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	Note	**2022 RMB'000**	2021 RMB'000
Loss before income tax		**(48,308)**	(5,191)
Adjustments for:			
– Finance costs	8	**2,218**	6,223
– Interest income	8	**(1,056)**	(518)
– Depreciation of property, plant and equipment	7	**22,096**	21,249
– Depreciation of right-of-use assets	7	**685**	3,442
– Gain on deemed disposal of an associate	6	**–**	(919)
– Impairment on property, plant and equipment	6	**16,640**	5,769
– Impairment on right-of-use assets	6	**2,237**	3,402
– Net loss/(gain) on disposal of property, plant and equipment and right-of-use assets	6	**4,807**	(2,765)
– Net loss on property, plant and equipment and right-of-use assets written off	6	**8,833**	–
– Net impairment losses on financial assets	7	**12**	4,810
– Reversal of accruals		**(5,013)**	–
– Share of net profit of an associate accounted for using the equity method		**(2,130)**	(4,447)
– Provision/(reversal of provision) for impairment of inventories		**4,742**	(2,661)
		5,763	28,394
Changes in working capital:			
Inventories		**3,248**	2,885
Trade and other receivables		**26,220**	25,482
Contract assets		**14,446**	(3,194)
Amounts due from related parties		**2,409**	6,236
Amounts due to related parties		**(63)**	(1,359)
Trade and other payables		**(13,783)**	(47,717)
Cash generated from operations		**38,240**	10,727

31 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Loss/(gain) on disposal of property, plant and equipment and right-of-use assets is arrived at as follows:

	2022 **RMB'000**	2021 RMB'000
Net book amount disposed of	**12,768**	2,416
Amount due from a related party (Note)	**–**	(995)
Amount due from a third party	**(7,181)**	–
Proceeds received	**(780)**	(4,186)
Loss/(gain) on disposals	**4,807**	(2,765)

Note:

For the year ended 31 July 2022, the Group disposed of certain machineries to a related party at consideration of RMB538,000 (2021: RMB2,400,000).

(c) **Liabilities from financing activities**

	Lease liabilities due within 1 year RMB'000	**Lease liabilities due after 1 year** RMB'000	**Bank borrowings due within 1 year** RMB'000	**Loans from a director** RMB'000	**Total** RMB'000
As at 1 August 2020	(5,759)	(215)	(118,311)	(38,980)	(163,265)
Cash flows	5,932	215	64,686	–	70,833
Non-cash transactions	(388)	–	–	–	(388)
Exchange difference	–	–	–	2,975	2,975
As at 31 July 2021	(215)	–	(53,625)	(36,005)	(89,845)
As at 1 August 2021	**(215)**	**–**	**(53,625)**	**(36,005)**	**(89,845)**
Cash flows	**222**	**–**	**53,625**	**–**	**53,847**
Non-cash transactions	**(7)**	**–**	**–**	**–**	**(7)**
Exchange difference	**–**	**–**	**–**	**(1,408)**	**(1,408)**
As at 31 July 2022	**–**	**–**	**–**	**(37,413)**	**(37,413)**

32 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

	2022 RMB'000	2021 RMB'000
ASSETS		
Non-current assets		
Investments in subsidiaries	308,844	308,844
Current assets		
Amounts due from subsidiaries	117,491	123,996
Cash and cash equivalents	16	20
	117,507	124,016
Total assets	426,351	432,860
EQUITY		
Capital and reserves		
Share capital	105,013	105,013
Share premium (Note)	306,364	306,364
Other deficits (Note)	(87,307)	(80,852)
Total equity attributable to owners of the Company	324,070	330,525
LIABILITIES		
Current liabilities		
Other payables	1,522	1,569
Amounts due to subsidiaries	100,759	100,766
Total liabilities	102,281	102,335
Total equity and liabilities	426,351	432,860

32 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Note:

Equity movement of the Company

	Contributed surplus RMB'000 (Note)	Accumulated losses RMB'000	Total RMB'000
Balance at 1 August 2020	148,621	(221,040)	(72,419)
Comprehensive loss			
Loss for the year	–	(8,433)	(8,433)
Balance at 31 July 2021 and 1 August 2021	**148,621**	**(229,473)**	**(80,852)**
Comprehensive loss			
Loss for the year	**–**	**(6,455)**	**(6,455)**
Balance at 31 July 2022	**148,621**	**(235,928)**	**(87,307)**

Notes:

Share premium and contributed surplus

(a) Under the Companies Law of the Cayman Islands, the funds in the share premium account and contributed surplus account of the Company are distributable to the shareholders provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(b) Pursuant to a reorganisation, the Company became the holding company of the Group on 20 January 2002. The excess of the consolidated net assets represented by the shares acquired over the nominal value of shares issued by the Company in exchange under the reorganisation was transferred to contributed surplus. In the consolidated financial statements, capital reserves represents the difference between (a) the nominal value of shares of the subsidiaries acquired; and (b) the nominal value of the shares issued by the Company in exchange under the reorganisation of the Group on 20 January 2002.

33 FINANCIAL INSTRUMENTS BY CATEGORY

	2022 RMB'000	2021 RMB'000
Assets		
Financial assets at amortised cost		
– Trade and other receivables and deposits	39,932	51,374
– Amounts due from related parties	663	3,072
– Restricted bank balances	6,000	48,435
– Cash and cash equivalents	68,606	43,196
Financial assets at FVOCI	3,100	3,700
	118,301	149,777
Liabilities		
Liabilities at amortised cost		
– Trade payables and other payables	10,343	26,036
– Amounts due related parties	570	633
– Loans from a director	37,413	36,005
– Borrowings	–	53,625
– Lease liabilities	–	215
	48,326	116,514

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Beh Kim Ling *(Chairman)*
Gan Sem Yam *(Managing Director)*
Zhang Pei Yu
Beh Chern Wei *(Finance Director)*

Independent non-executive Directors
Tang Sim Cheow
Diong Tai Pew
Fu Xiao Nan

AUDIT COMMITTEE OF THE BOARD

Tang Sim Cheow *(Chairman of the Audit Committee)*
Diong Tai Pew
Fu Xiao Nan

REMUNERATION COMMITTEE OF THE BOARD

Fu Xiao Nan *(Chairman of the Remuneration Committee)*
Tang Sim Cheow
Beh Kim Ling

NOMINATION COMMITTEE OF THE BOARD

Diong Tai Pew *(Chairman of the Nomination Committee)*
Tang Sim Cheow
Beh Chern Wei

COMPANY SECRETARY

Ng Ting On, Polly

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United Overseas Bank (China) Limited
Malayan Banking Berhad Hong Kong Branch
Industrial & Commercial Bank of China Ltd.

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V.S. Holding Vietnam Limited
Energy Ally Global Limited
Vistra Corporate Services Central
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Fax No: (86) 532 8676 2233

Qingdao GP Precision Mold Co., Ltd.
Hetao Export Processing Zone
Chengyang District
266113 Qingdao
Shandong Province
The People's Republic of China
Tel. No: (86) 532 8792 3666
Fax No: (86) 532 8792 3660

ASSOCIATED COMPANY

VS Industry Vietnam Joint Stock Company
Quevo Industrial Park, Vanduong Commune
Quevo District
Bacninh Province
Vietnam
Tel. No: (84) 241 3634 300
Fax No: (84) 241 3634 308

Group Property

MAJOR PROPERTY HELD FOR OWN USE

Location	Existing use	Term of lease	Group's interest (%)
Outside Hong Kong			
Phase I, II, III, IV, V and VI of an industrial complex situated at Beisha Village Tangjia Wan Town Xiangzhou District Zhuhai Guangdong Province The People's Republic of China	Industrial	Medium	100

Five Years Summary

	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
Results					
Revenue	**121,401**	256,196	482,327	649,092	1,115,885
Operating (loss)/profit	**(49,276)**	(3,933)	(23,126)	(107,427)	17,717
Finance costs – net	**(1,162)**	(5,705)	(10,263)	(14,181)	(12,966)
Share of profit/(loss) of an associate	**2,130**	4,447	–	–	(17,274)
Loss before income tax	**(48,308)**	(5,191)	(33,389)	(121,608)	(12,523)
Income tax credit/(expense)	**61**	(421)	(335)	(554)	3,672
Loss for the year	**(48,247)**	(5,612)	(33,724)	(122,162)	(8,851)
Attributable to:					
Owners of the Company	**(48,247)**	(5,612)	(33,724)	(122,162)	(8,851)
Assets and liabilities					
Non-current assets	**235,198**	297,697	334,774	403,190	504,252
Current assets	**133,338**	194,259	294,566	324,402	507,488
Total assets	**368,536**	491,956	629,340	727,592	1,011,740
Current liabilities	**(28,252)**	(102,326)	(230,584)	(311,314)	(489,107)
Non-current liabilities	**(38,329)**	(38,828)	(42,042)	(24,940)	(12,345)
NET ASSETS	**301,955**	350,802	356,714	391,338	510,288
Share capital	**105,013**	105,013	105,013	105,013	105,013
Reserves	**196,942**	245,789	251,701	286,325	405,275
TOTAL EQUITY	**301,955**	350,802	356,714	391,338	510,288
Loss per share					
Basic	**(2.09) cents**	(0.24) cent	(1.46) cents	(5.29) cents	(0.39) cent
Diluted	**(2.09) cents**	(0.24) cent	(1.46) cents	(5.29) cents	(0.39) cent