



Vision International Holdings Limited

威誠國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code : 8107

INTERIM REPORT
2023

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



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Corporate Information

BOARD OF DIRECTORS

Executive Directors:

Mr. Ko Sin Yun (*Chairman*)

Mr. Ko Man Ho

Mr. Cheng Ka Wing

Ms. Ng Hoi Yung Yo Yo

(appointed on 30 January 2023)

Independent Non-executive Directors:

Mr. To King Yan, Adam

Mr. Kwok Chee Kin

Mr. Chan Kim Sun

AUDIT COMMITTEE

Mr. Chan Kim Sun (*Chairman*)

Mr. To King Yan, Adam

Mr. Kwok Chee Kin

REMUNERATION COMMITTEE

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

Mr. Chan Kim Sun

Mr. Kwok Chee Kin

NOMINATION COMMITTEE

Mr. Ko Sin Yun (*Chairman*)

Mr. Chan Kim Sun

Mr. To King Yan, Adam

COMPANY SECRETARY

Mr. Tam Chun Wai Edwin

COMPLIANCE OFFICER

Mr. Cheng Ka Wing

AUTHORISED REPRESENTATIVES FOR THE PURPOSE OF THE GEM LISTING RULES

Mr. Cheng Ka Wing

Mr. Tam Chun Wai Edwin

REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

3/F, China United Plaza

1002–1008 Tai Nan West Street

Cheung Sha Wan

Kowloon

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services
Limited

Shops 1712–1716

17th Floor

Hopewell Centre

183 Queen's Road East

Hong Kong



Corporate Information

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
United Overseas Bank Limited
Hong Kong Branch
Hang Seng Bank Limited
Bank of Communications
(Hong Kong) Limited

AUDITOR

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

STOCK CODE

8107

COMPANY'S WEBSITE

www.vision-holdings.com.hk

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

The board of Directors (the “**Board**”) of the Company hereby announces the unaudited interim condensed consolidated financial results of the Group for the six months ended 30 June 2023 together with the comparative unaudited figures for the corresponding period in 2022, as follows:

	Notes	Three months ended 31 March		Six months ended 30 June	
		2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Revenue	3	27,784	25,898	50,204	64,347
Cost of sales		(26,405)	(24,534)	(53,063)	(60,936)
Gross profit/(loss)		1,379	1,364	(2,859)	3,411
Other income	4	22	45	28	167
Other gains and losses	5	2,037	28	2,250	(30)
Selling and distribution expenses		(1,556)	(335)	(2,386)	(790)
Administrative expenses		(2,255)	(1,845)	(15,151)	(3,462)
Finance costs		(676)	(307)	(1,299)	(563)
Loss before taxation		(1,049)	(1,050)	(19,417)	(1,267)
Income tax credit (expense)	6	(7)	30	155	124
Loss and total comprehensive (loss) income for the period	7	(1,056)	(1,020)	(19,262)	(1,143)
Loss per share — basic and diluted (HK cents)	9	(0.90)	(1.02)	(16.06)	(1.14)

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	As at 30 June 2023 (unaudited) HK\$'000	As at 31 December 2022 (audited) HK\$'000
Non-current assets			
Intangible assets	10	4,083	4,583
Deposits		66	66
Property, plant and equipment	11	25,976	25,595
		30,125	30,244
Current assets			
Inventories		3,946	–
Trade and other receivables, prepayments and deposits	12	61,078	78,996
Tax recoverable		614	450
Bank balances and cash		19,327	656
		84,965	80,102
Current liabilities			
Trade payables and other payables	13	12,716	8,911
Contract liabilities		–	4,754
Bank borrowings		34,412	34,610
		47,128	48,275
Net current assets		37,837	31,827
Non-current liability			
Bank borrowings		7,460	8,012
Deferred tax liabilities		149	304
		7,609	8,316
Net Assets		60,353	53,755
Capital and reserves			
Share capital	14	13,200	10,000
Reserves		47,153	43,755
Shareholders' equity		60,353	53,755

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Share capital	Share premium	Other reserve	Translation reserve	Retained profits	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2022 (audited)	10,000	38,444	(103,262)	(7,252)	110,927	-	48,857
Loss and total comprehensive expense for the period	-	-	-	-	(1,143)	-	(1,143)
At 30 June 2022 (unaudited)	10,000	38,444	(103,262)	(7,252)	109,784	-	47,714
As at 1 January 2023 (audited)	10,000	38,444	(103,262)	(7,252)	115,825	-	53,755
Placing of new share	3,200	-	-	-	-	-	3,200
Share Premium	-	22,660	-	-	-	-	22,660
Loss and total comprehensive expense for the period	-	-	-	-	(19,262)	-	(19,262)
At 30 June 2023 (unaudited)	13,200	61,104	(103,262)	(7,252)	96,563	-	60,353

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Net cash used in operating activities	(4,234)	(29)
Net cash (used in) from investing activities	(906)	–
Net cash from (used in) financing activities	23,811	(338)
Net increase (decrease) in cash and cash equivalents	18,671	(367)
Cash and cash equivalents at the beginning of the period	656	1,714
Cash and cash equivalents at the end of the period	19,327	1,347

Notes to the Unaudited Condensed Consolidated Financial Statements

Six months ended 30 June 2023

1. GENERAL

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

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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

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

The accounting policies and basis of preparation adopted in the preparation of these unaudited condensed consolidated financial statements for the six months ended 30 June 2023 are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), except for the adoption of the following new and amendments to HKFRSs effective from 1 January 2023, as noted below.

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17) Amendments to HKAS 1

Amendments to HKAS 1 and HKFRS Practice Statement 2
Amendments to HKAS 8
Amendments to HKAS 12

Insurance Contracts

Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Disclosure of Accounting Policies

Definition of Accounting Estimates
Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the new and amendments to HKFRSs in the current period has had no significant financial effect on these unaudited condensed consolidated financial statements for the six months ended 30 June 2023. The Group has not early applied those new and revised HKFRSs that have been issued but are not yet effective. The Directors anticipate that the application of those new standard(s), amendments and interpretation(s) will have no material impact on the unaudited condensed consolidated financial statements.

Notes to the Unaudited Condensed Consolidated Financial Statements

Six months ended 30 June 2023

3. REVENUE AND SEGMENT INFORMATION

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

Timing of revenue recognition and category of revenue

	Three months ended 31 March		Six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Recognised at a point in time and short-term contracts				
Sales of apparel products with the provision of SCM services and construction materials to customers	26,804	25,632	46,206	64,092
Agency fee from construction and related materials	–	266	–	255
Sales and distribution of health Supplements products	980	–	3,998	–

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

During the period, the Group commenced the business relating to sales and distribution of health supplements products along with the incorporation of certain subsidiaries, and it is considered as a new operating and reportable segment by the CODM.

Specifically, the Group's reportable segments for the year ending 31 December 2023 under HKFRS 8 are as follows:

1. Sales of apparel and related products with the provision of supply chain management services ("Apparel Products").
2. Provision of agency services for construction and related materials ("Construction Materials").
3. Sales and distribution of health supplements products ("Health Supplement Products").

Notes to the Unaudited Condensed Consolidated Financial Statements

Six months ended 30 June 2023

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenues and results

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

For the six months ended 30 June 2023 (unaudited)

	Apparel Products HK\$'000	Construction Materials HK\$'000	Health Supplements Products HK\$'000	Consolidated HK\$'000
Segment revenue				
External sales	46,206	–	3,998	50,204
Segment profit/(loss)	(682)	2,188	(2,115)	(609)
Unallocated other income				–
Unallocated other gains and losses, net				28
Unallocated corporate general administrative expenses				(17,537)
Finance costs				(1,299)
Group's loss before tax				(19,417)

For the six months ended 30 June 2022 (unaudited)

	Apparel Products HK\$'000	Construction Materials HK\$'000	Consolidated HK\$'000
Segment revenue			
External sales	64,092	255	64,347
Segment profit	3,156	255	3,411
Unallocated other income			167
Unallocated other gains and losses, net			(30)
Unallocated corporate general administrative expenses			(4,252)
Finance costs			(563)
Group's loss before tax			(1,267)

Segment profit/loss represents the profit/loss earned by each segment without allocation of government grant, net foreign exchange difference, central administration costs, directors' emoluments and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. The customers of the Group are mainly (i) apparel sourcing agents in Macau, Hong Kong and Europe; (ii) construction materials sourcing agents in South East Asia; and (iii) health supplements products sourcing agents in Hong Kong.

Notes to the Unaudited Condensed Consolidated Financial Statements

Six months ended 30 June 2023

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

As at 31 December 2022:

	HK\$'000
Segment assets	
Apparel Products	83,370
Construction Material	–
Total reportable segment assets	83,370
Corporate and other unallocated assets	26,976
Consolidated assets	110,346
Segment liabilities	
Apparel Products	13,510
Construction Material	–
Total reportable segment liabilities	13,510
Corporate and other unallocated liabilities	43,081
Consolidated liabilities	56,591

As at 30 June 2023 (unaudited):

	HK\$'000
Segment assets	
Apparel Products	49,470
Construction Material	17,171
Health Supplements Products	71
Total reportable segment assets	66,712
Corporate and other unallocated assets	48,378
Consolidated assets	115,090
Segment liabilities	
Apparel Products	10,181
Construction Material	–
Health Supplements Products	10
Total reportable segment liabilities	10,191
Corporate and other unallocated liabilities	44,546
Consolidated liabilities	54,737

Notes to the Unaudited Condensed Consolidated Financial Statements

Six months ended 30 June 2023

3. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

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

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

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

The customers of the Group are mainly (i) apparel sourcing agents in Macau, Hong Kong and Europe; (ii) construction materials sourcing agents in South East Asia; and (iii) health supplements products sourcing agents in Hong Kong.

Geographical information

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

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

	Three months ended 31 March		Six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Apparel Products				
Hong Kong	1,759	11,644	1,947	39,400
Macau	23,098	12,633	42,500	18,128
Germany	1,947	1,355	1,759	6,243
Cambodia	–	–	–	321
	26,804	25,632	46,206	64,092
Construction Materials				
Cambodia	–	266	–	255
Health Supplements Products				
Hong Kong	980	–	3,998	–
Total	27,784	25,898	50,204	64,347

Notes to the Unaudited Condensed Consolidated Financial Statements

Six months ended 30 June 2023

3. REVENUE AND SEGMENT INFORMATION (Continued)

Information about major customers

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

	Three months ended 31 March		Six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Customer A	*	11,644	*	38,895
Customer B	23,098	12,633	42,500	18,127

All the abovementioned customers are contributing revenue from Apparel Products.

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

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

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

	As at 30 June 2023 (unaudited) HK\$'000	As at 31 March 2023 (unaudited) HK\$'000
Hong Kong	25,976	25,998
Germany	4,083	4,333
Total	30,059	30,331

4. OTHER INCOME

	Three months ended 31 March		Six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Sample sales income	22	45	22	111
Others	-	-	6	56
Total	22	45	28	167

Notes to the Unaudited Condensed Consolidated Financial Statements

Six months ended 30 June 2023

5. OTHER GAINS AND LOSSES

	Three months ended 31 March		Six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Net foreign exchange gain (loss)	(150)	28	63	(30)
Net charge in allowance for expected credit losses for trade receivables	2,187	–	2,187	–
Total	2,037	28	2,250	(30)

6. INCOME TAX (CREDIT)/EXPENSE

	Three months ended 31 March		Six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Hong Kong Profits Tax:				
Current tax	77	43	–	21
Deferred taxation	(70)	(73)	(155)	(145)
Total	7	(30)	(155)	(124)

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

Notes to the Unaudited Condensed Consolidated Financial Statements

Six months ended 30 June 2023

7. LOSS FOR THE PERIOD

	Three months ended 31 March		Six months ended 30 June	
	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2023 (unaudited) HK\$'000	2022 (unaudited) HK\$'000
Loss for the period has been arrived at after charging:				
Directors' remuneration	651	669	10,361	1,216
Other staff costs:				
— Salaries and other benefits	426	447	1,107	782
— Retirement benefit scheme contributions	20	16	33	31
Total staff costs	446	463	1,140	813
Total employee benefits expenses	1,097	1,132	11,501	2,029
Auditor's remuneration	100	100	200	200
Depreciation of plant and equipment	260	279	521	547
Depreciation of leasehold improvements	5	5	10	11
Amortisation of intangible assets	250	250	500	500
Cost of inventories recognised as cost of sales	26,405	24,534	53,063	60,936

8. DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

Notes to the Unaudited Condensed Consolidated Financial Statements

Six months ended 30 June 2023

9. LOSS PER SHARE

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

The calculation of basic loss per Share for the period is based on the unaudited condensed consolidated loss for the six months ended 30 June 2023 of HK\$19,262,000 (loss for the six months ended 30 June 2022: HK\$1,143,000), and the weighted average number of ordinary shares of 119,934,000 (six months ended 30 June 2022: 100,000,000), in issue during the period after taking into account placing of 20,000,000 shares and 12,000,000 shares completed on 13 January 2023 and 12 June 2023.

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

10. INTANGIBLE ASSETS

	Trademarks HK\$'000
At 31 December 2022	
Cost	10,000
Accumulated amortisation	(5,417)
Net book amount	4,583
Six months ended 30 June 2023	
Opening net book amount	4,583
Amortisation charge	(500)
Closing net book amount	4,083
At 30 June 2023	
Cost	10,000
Accumulated amortisation	(5,917)
Net book amount	4,083

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

Trademarks 10 years

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

Notes to the Unaudited Condensed Consolidated Financial Statements

Six months ended 30 June 2023

11. PROPERTY, PLANT AND EQUIPMENT

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

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

For the six months ended 30 June 2023, the Group incurred no additional cost for the leasehold improvements (six months ended 30 June 2022: Nil).

At 30 June 2023, leasehold land and building of the Group with carrying value of approximately HK\$24,941,000 (31 December 2022: HK\$25,461,000) were pledged with a bank to secure a loan granted to the Group.

12. TRADE RECEIVABLES

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

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

	As at 30 June 2023 (unaudited) HK\$'000	As at 31 December 2022 (audited) HK\$'000
1 to 30 days	14,081	28,124
31 to 60 days	5,919	12,086
61 to 90 days	–	8,564
Over 90 days	34,005	28,908
	54,005	77,682

13. TRADE PAYABLES

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

	As at 30 June 2023 (unaudited) HK\$'000	As at 31 December 2022 (audited) HK\$'000
0 to 30 days	5,892	5,608
31 to 60 days	943	–
61 to 90 days	–	–
Over 91 days	3,355	2,274
	10,190	7,882

Notes to the Unaudited Condensed Consolidated Financial Statements

Six months ended 30 June 2023

14. SHARE CAPITAL

	Number of Shares	Share capital HK\$'000
Ordinary Shares of HK\$0.1 each		
Authorised:		
At 31 December 2022 and 30 June 2023	1,000,000,000	100,000
Issued and fully paid:		
Ordinary Shares of HK\$0.1 each		
At 31 December 2022	100,000,000	10,000
Issue of shares through share placing (Note i)	20,000,000	2,000
Issue of shares through share placing (Note ii)	12,000,000	1,200
At 30 June 2023	132,000,000	13,200

- (i) On 23 December 2022, the Company entered into an agreement (the “**Placing Agreement I**”) with a placing agent (the “**Placing Agent I**”), pursuant to which the Placing Agent I has conditionally agreed, as agent of the Company, to procure, on a best effort basis, certain places who and whose ultimate beneficial owners are Independent Third Parties to subscribe for up to 20,000,000 placing shares (the “**Placing Shares I**”) at the placing price of HK\$0.213 (the “**Placing Price**”) per Placing Share I. The placing transaction was completed on 13 January 2023 and a total of 20,000,000 Placing Shares I were issued. The net proceeds from the Placing are approximately HK\$4.06 million.
- (ii) On 29 May 2023, the Company entered into an agreement (the “**Placing Agreement II**”) with a placing agent (the “**Placing Agent II**”), pursuant to which the Placing Agent II has conditionally agreed, as agent of the Company, to procure, on a best effort basis, certain places who and whose ultimate beneficial owners are Independent Third Parties to subscribe for up to 12,000,000 placing shares (the “**Placing Shares II**”) at the placing price of HK\$1.80 (the “**Placing Price II**”) per Placing Share II. The placing transaction was completed on 12 June 2023 and a total of 12,000,000 Placing Shares II were issued. The net proceeds from the Placing are approximately HK\$20.9 million.

15. RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2022 and 2023, the Group did not have any transaction with related parties.

Management Discussion and Analysis

BUSINESS REVIEW

Our Group is based in Hong Kong and generates revenue mainly from (i) the sales of apparel and related products with the provision of SCM services to customers, delivering one-stop solution to customers in Europe and Asia and (ii) the sales and distribution of health supplements products and (iii) the agency fees from the sales of construction and related materials to the construction materials sourcing agents in South East Asia did not contribute in the first half.

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

Besides, during the six months ended 30 June 2023, the Group leveraged on its experience in SCM and extended our business to the sales and distribution of health supplements products in order to diversify our income stream.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

Due to global economic downturn and declining business environment, the Group's revenue recorded a decrease by 21.9% from HK\$64.3 million for the six months ended 30 June 2022 to HK\$50.2 million for the six months ended 30 June 2023. The decrease was mainly attributable to the drop in revenue from customers in Hong Kong for apparels and related products, sales of apparel products and health supplements products recorded HK\$46.2 million and HK\$4.0 million in the first half of 2023.

Cost of sales

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

Cost of sales dropped by 12.8% from HK\$60.9 million for the six months ended 30 June 2022 to HK\$53.1 million for the six months ended 30 June 2023, which was attributable to the decrease in sales for the six months ended 30 June 2023.

Gross profit and gross profit margin

Gross profit recorded HK\$3.4 million for the six months ended 30 June 2022 has changed to gross loss of HK\$2.9 million in first half of 2023. However, if excluding the HK\$5.5 million one-off claim due to product quality issue, the gross profit will be HK\$2.6 million. In that case, gross profit margin remained relatively stable at 5.3% for the six months ended 30 June 2022 and 5.2% for the six months ended 30 June 2023, respectively.

Other income

Other income amounted to HK\$0.02 million for the six months ended 30 June 2022 and HK\$0.03 million for the six months ended 30 June 2023, respectively.

Other gains and losses

Other gains and losses mainly represent the net foreign exchange difference resulted from fluctuations in the exchange rate of the foreign currency incurred in our operation and net change in allowance for expected credit loss for trade receivables.

Other gains increased from HK\$30,000 loss for the six months ended 30 June 2022 to HK\$2.2 million gain for the six months ended 30 June 2023. Such increase was due to the decrease in the net change in allowance for expected credit losses in respect of trade receivables since a number of trade receivables were duly settled during the six months ended 30 June 2023.

Management Discussion and Analysis

Selling and distribution expenses

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

Selling and distribution expenses amounted to HK\$0.8 million and HK\$2.4 million for the six months ended 30 June 2022 and 2023, respectively. Such increase was mainly attributable to the increase in staff costs and marketing fee pertaining to selling and distribution expenses.

Administrative expenses

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

Administrative expenses amounted to HK\$3.5 million and HK\$15.2 million for the six months ended 30 June 2022 and 2023, respectively. The increase was mainly due to an one-off distribution of director's bonus amounted to HK\$9.4 million plus the professional fees and staff salaries.

Finance costs

The Group's finance costs amounted to approximately HK\$0.6 million and HK\$1.3 million for the six months ended 30 June 2022 and 2023, respectively.

Income tax expense

Income tax expense amounted to HK\$124,000 and income tax credit amounted to HK\$155,140 for the six months ended 30 June 2022 and 2023, respectively.

Loss for the period

The loss of the Group for the six months ended 30 June 2023 amounted to HK\$19.3 million (loss for the six months ended 30 June 2022: HK\$1.1 million). The loss incurred for the six months ended 30 June 2023 is mainly attributable to the combined effect of (i) the decrease in gross profit of apparel and related products due to the decrease in sales revenue and an one-off goods claim from an apparel client regarding the products supplied; and (ii) the increase in administrative expenses due to the distribution of bonuses as remuneration.

Charge on the Group's assets

As at 30 June 2023, the Group pledged the property comprising workshops 1-3 and 5-7 on 3rd Floor of China United Plaza, No. 1008 Tai Nan West Street, Kowloon, Hong Kong to a bank for the bank finance facility for the Group.

Management Discussion and Analysis

Share capital

The share capital of the Group only comprises ordinary shares.

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

As at 23 December 2022, the Company entered into a placing agreement pursuant to which the Company agreed to allot and issue 20,000,000 new shares at a placing price of HK\$0.213 per placing shares. It was completed on 13 January 2023. Further details are set out at the Company's announcement dated 23 December 2022 and 13 January 2023.

As at 29 May 2023, the Company entered into a placing agreement pursuant to which the Company agreed to allot and issue 12,000,000 new shares at a placing price of HK\$1.80 per placing shares. It was completed on 12 June 2023. Further details are set out at the Company's announcement dated 29 May and 12 June 2023.

As at 30 June 2023, the Company's issued share capital was HK\$13,200,000 and the number of its issued shares was 132,000,000 of HK\$0.1 each.

USE OF PROCEEDS

The utilisation of the net proceeds from the Placing on 13 January 2023 as at 30 June 2023 is set out below.

	Planned use of net proceeds HK\$'million	Actual use of net proceeds as at 30 June 2023 HK\$'million	Unutilized net proceeds as at 30 June 2023 HK\$'million
General working capital to support the operating expenses of the Company	4.1	4.1	–

Management Discussion and Analysis

The utilisation of the net proceeds from the Placing on 12 June 2023 as at 30 June 2023 is set out below.

	Planned use of net proceeds HK\$'million	Actual use of net proceeds as at 30 June 2023 HK\$'million	Unutilized net proceeds as at 30 June 2023 HK\$'million
Repayment of loan	5	5	–
General working capital to support the operating expenses of the Company	15.9	3.9	12

Significant investment held

As at 30 June 2023, the Group did not hold any significant investment.

Capital commitments and contingent liabilities

The Group did not have any significant capital commitments and any material contingent liabilities or guarantees as at 30 June 2023.

Foreign exchange exposure

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

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

For the transaction denominated in EUR during the six months ended 30 June 2023, the Group considers that there is no significant foreign exchange risk in respect of EUR.

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

Management Discussion and Analysis

PROSPECTS

The Group is still struggling to recover in the midst of COVID-19 pandemic and its aftermath. Our profitability has been severely affected by COVID-19. The forthcoming business environment has become increasingly challenging. Rising number of customers demand for longer credit period and declining selling prices together with weakening retail markets all led to squeezing gross profit margin of the apparel and related products business.

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

Moreover, in order to diversify the income stream of the Group, the Group has leveraged on our SCM experience in SCM and extended our business to the sales and distribution of health supplements products, while exploring and expanding the application of SCM Service in other scenarios.

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

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2023, the total equity of the Group was HK\$60.4 million (31 December 2022: HK\$53.8 million). The Group's cash and cash equivalent was HK\$19.3 million (31 December 2022: HK\$0.7 million). Our working capital represented by the net current assets as at 30 June 2023 was HK\$37.9 million (31 December 2022: HK\$31.8 million). Our current ratio was 1.8 times as at 30 June 2023 (31 December 2022: 1.7 times). Our gearing ratio (calculated based on bank borrowings divided by total equity) was 69.4% as at 30 June 2023 (31 December 2022: 79.3%).

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

DIVIDENDS

The Board does not recommend the payment of any dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

Management Discussion and Analysis

SEGMENT INFORMATION

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

For the six months ended 30 June 2023, the Group had not made any material acquisition or disposal of subsidiaries, associates and joint ventures (six months ended 30 June 2022: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, the Group employed a total number of 8 full-time employees (30 June 2022: seven full-time employees). The staff costs of the Group (including Directors' remuneration, employees' salaries, wages, other benefits and contribution to defined contribution retirement plan) for the six months ended 30 June 2023 were approximately HK\$11.5 million (six months ended 30 June 2022: HK\$2.0 million).

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

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have any plan for material investments or capital assets as at 30 June 2023.

EVENT AFTER THE REPORTING PERIOD

The Group has no significant events after the report period.

Other Information

DISCLOSURE OF INTERESTS

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

As at 30 June 2023, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to notify to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, will be as follows:

(a) Long Position in the Shares of the Company

Name of Director	Nature of interest and capacity	Number of Shares held ⁽¹⁾	Percentage of issued share capital ⁽³⁾
Mr. Ko	Interest in a controlled corporation ⁽²⁾	75,000,000 (L)	56.82%

Notes:

1. The letter "L" denotes to the long position in the Shares.
2. The Shares are registered in the name of Metro Vanguard. Accordingly, Mr. Ko is deemed to be interested in all the Shares held by Metro Vanguard for the purpose of Part XV of the SFO.
3. The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 30 June 2023 (i.e. 132,000,000 Shares).

Other Information

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

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

Save as disclosed above, as at 30 June 2023, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required pursuant to Section 352 of the SFO, to be entered in the register of members of the Company or which were required to be notified to the Company and the Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 June 2023, the interest and short positions of the persons (other than the Directors or chief executive of the Company) in the Shares, underlying shares and debentures of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long Position in the Company's Shares

Name	Nature of interest and capacity	Number of Shares held ⁽¹⁾	Percentage of issued share capital ⁽³⁾
Metro Vanguard	Beneficial owner	75,000,000 (L)	56.82%
Ms. Chan Sau Fung	Interest of spouse ⁽²⁾	75,000,000 (L)	56.82%
Arena Investors, LP	Investment manager ⁽³⁾	18,800,000 (L)	14.24%

Other Information

Notes:

1. The letter "L" denotes to the long position in the Shares.
2. Ms. Chan Sau Fung is the spouse of Mr. Ko. By virtue of the SFO, she is deemed to be interested in all Shares held by Metro Vanguard, in which Mr. Ko is deemed to be interested.
3. According to the disclosure of interests filing available to the Company, Arena Investors, LP is an investment manager of and deemed to be interested in the Shares held by Arena Finance Markets, LP, Arena Special Opportunities (Offshore) Master, LP, Arena Special Opportunities Fund, LP, Arena Special Opportunities Partners II, LP and Arena Special Opportunities Partners (Cayman Master) II, LP.
4. The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 30 June 2023 (i.e. 132,000,000 Shares).

Save as disclosed above, as at 30 June 2023, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed in the sub-sections headed "Disclosure of Interests" and "Share Option Scheme" herein, at no time during the six months ended 30 June 2023 was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' COMPETING INTERESTS

For the six months ended 30 June 2023, the Directors have confirmed that to the best of their knowledge, information and belief and having made all reasonable enquiries, none of the Directors, the Controlling Shareholders and their respective close associates (as defined in the GEM Listing Rules) had any business or interests in any company that competes or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group.

Other Information

CORPORATE GOVERNANCE PRACTICES AND COMPLIANCE

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules (the "**CG Code**"). The Board and the management of the Company are committed to maintaining and achieving a high standard of corporate governance practices with an emphasis on a quality Board, an effective accountability system and a healthy corporate culture in order to safeguard the interests of the shareholders of the Company and enhance the business growth of the Group. Where applicable, the Company has complied with the code provisions as set out in the CG Code during the six months ended 30 June 2023.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules ("**Required Standard of Dealings**") regarding Directors' securities transactions. Having been enquired by the Company, all Directors confirmed that they had complied with the Required Standard of Dealings during the six months ended 30 June 2023.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2023.

SHARE OPTION SCHEME

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

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

Other Information

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

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

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

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

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

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023 and this report, and is of the opinion that the preparation of such statements complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

Other Information

FORWARD LOOKING STATEMENTS

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

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

Hong Kong, 14 August 2023