



V S **V.S. International Group Limited**
威鉞國際集團有限公司

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



2023/24 INTERIM REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Beh Kim Ling (*Chairman*)

Beh Chern Wei (*Managing Director*)

Zhang Pei Yu

(*Ms. Beh Hwee Sze as his alternate*)

Independent non-executive Directors

Tang Sim Cheow

Wan Mohd Fadzmi

Fu Xiao Nan

AUDIT COMMITTEE OF THE BOARD

Tang Sim Cheow (*Chairman of the Audit Committee*)

Wan Mohd Fadzmi

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

Wan Mohd Fadzmi

(*Chairman of the Nomination Committee*)

Tang Sim Cheow

Beh Chern Wei

COMPANY SECRETARY

Ng Ting On, Polly

REGISTERED OFFICE

Cricket Square

Hutchins Drive, P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Jardine House

1 Connaught Place

Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive, P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

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Hopewell Centre

183 Queen's Road East

Wanchai, Hong Kong

LEGAL ADVISERS AS TO HONG KONG LAW

Chiu & Partners

40th Floor, Jardine House

1 Connaught Place

Central, Hong Kong

AUDITOR

PricewaterhouseCoopers
*Certified Public Accountants and Registered Public
Interest Entity Auditor*
22nd Floor, Prince's Building
Central, Hong Kong

PRINCIPAL BANKERS

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

SUBSIDIARIES

V.S. International Industry Limited

V.S. Holding Vietnam Limited

Energy Ally Global Limited

Vistra Corporate Services Centre
Wickhams Cay II, Road Town, Tortola
VG1110, British Virgin Islands

V.S. Corporation (Hong Kong) Co., Limited

VSA Holding Hong Kong Co., Limited

V.S. Industry Holding Limited

RM 4018, 40/F, Jardine House
1 Connaught Place
Central, Hong Kong
Tel. No: (852) 2511 9002
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V.S. Technology Industry Park (Zhuhai) Co., Ltd.

V.S. Industry (Zhuhai) Co., Ltd.

VSA Electronics Technology (Zhuhai) Co., Ltd.

**Zhuhai Deyuan Energy Conservation Technology
Company Limited**

Beisha Village, Tangjia Wan Town
Xiangzhou District
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The People's Republic of China
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ASSOCIATED COMPANY

VS Industry Vietnam Joint Stock Company

Quevo Industrial Park, Vanduong Commune
Quevo District
Bacninh Province
Vietnam
Tel. No: (84) 222 3634 300
Fax No: (84) 222 3634 308



Introduction

The board (“Board”) of directors (“Directors”) of V.S. International Group Limited (“Company”) submits herewith the interim financial report of the Company and its subsidiaries (together, the “Group”) for the six months ended 31 January 2024, which has been reviewed by the audit committee (“Audit Committee”) of the Board.

Condensed Consolidated Income Statement

For the six months ended 31 January 2024

		Unaudited	
		Six months ended 31 January	
		2024	2023
	Note	RMB'000	RMB'000
Revenue	4	36,684	35,830
Cost of sales		(33,223)	(32,239)
Gross profit		3,461	3,591
Other income – net		4,298	2,385
Other gains – net	5	509	2,237
Distribution costs		(676)	(954)
General and administrative expenses		(24,798)	(15,426)
Reversal of impairment loss on financial assets		44	1
Operating loss		(17,162)	(8,166)
Finance costs – net	6(a)	(272)	(464)
Share of net profit of an associate accounted for using the equity method		2,425	287
Reversal of impairment on investment accounted for using the equity method		9,179	–
Loss before income tax	6	(5,830)	(8,343)
Income tax expenses	7(a)	(349)	(54)
Loss for the period attributable to owners of the Company		(6,179)	(8,397)
Loss per share attributable to owners of the Company during the period (Renminbi cents)			
Basic and diluted	8	(0.27)	(0.36)

The notes on pages 11 to 33 are an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 January 2024

	Unaudited	
	Six months ended 31 January	
	2024	2023
	RMB'000	RMB'000
Loss for the period	(6,179)	(8,397)
Other comprehensive income for the period	–	–
Total comprehensive loss for the period attributable to owners of the Company	(6,179)	(8,397)

The notes on pages 11 to 33 are an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Financial Position

At 31 January 2024

		Unaudited At 31 January 2024 RMB'000	Audited At 31 July 2023 RMB'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	10(a)	179,761	185,289
Right-of-use assets	10(b)	12,777	13,065
Financial asset at fair value through other comprehensive income	11	2,300	2,300
Investment accounted for using the equity method	13	21,969	10,365
		216,807	211,019
Current assets			
Inventories	14	–	8,057
Trade and other receivables, deposits and prepayments	12	15,722	26,226
Amounts due from related parties	18(b)	188	948
Cash and cash equivalents	15	77,770	85,457
		93,680	120,688
Total assets		310,487	331,707
EQUITY			
Capital and reserves			
Share capital	16	105,013	105,013
Share premium		306,364	306,364
Other deficits		(138,254)	(132,075)
Total equity attributable to owners of the Company		273,123	279,302

The notes on pages 11 to 33 are an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Financial Position

At 31 January 2024

		Unaudited At 31 January 2024 RMB'000	Audited At 31 July 2023 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	7(b)	781	920
		781	920
Current liabilities			
Trade and other payables	17	6,385	15,948
Loans from a director	18(d)	29,740	35,108
Amounts due to related parties	18(c)	458	429
		36,583	51,485
Total liabilities		37,364	52,405
Total equity and liabilities		310,487	331,707

The notes on pages 11 to 33 are an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 January 2024

	Share capital RMB'000	Share premium RMB'000	Capital reserves RMB'000	Statutory reserve fund RMB'000	Foreign currency translation reserve RMB'000	Financial asset at fair value through other comprehensive income reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 August 2022	105,013	306,364	11,752	61,995	-	(5,098)	(178,071)	301,955
Comprehensive loss								
Loss for the period	-	-	-	-	-	-	(8,397)	(8,397)
Total comprehensive loss for the period	-	-	-	-	-	-	(8,397)	(8,397)
Appropriation	-	-	-	(17)	-	-	17	-
At 31 January 2023	105,013	306,364	11,752	61,978	-	(5,098)	(186,451)	293,558
At 1 August 2023	105,013	306,364	11,752	61,977	467	(5,898)	(200,373)	279,302
Comprehensive loss								
Loss for the period	-	-	-	-	-	-	(6,179)	(6,179)
Total comprehensive loss for the period	-	-	-	-	-	-	(6,179)	(6,179)
At 31 January 2024	105,013	306,364	11,752	61,977	467	(5,898)	(206,552)	273,123

The notes on pages 11 to 33 are an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 January 2024

	Note	Unaudited	
		Six months ended 31 January	
		2024	2023
		RMB'000	RMB'000
Cash flows from operating activities			
Cash (used in)/generated from operations		(1,865)	4,314
Income tax paid		(488)	(116)
Net cash (used in)/generated from operating activities		(2,353)	4,198
Cash flows from investing activities			
Payments for the purchase of property, plant and equipment		(38)	–
Proceeds from disposal of property, plant and equipment and right-of-use assets		175	7,251
Interest received		571	493
Net cash generated from investing activities		708	7,744
Cash flows from financing activities			
Decrease in loans from a director		(5,199)	–
Decrease in restricted bank balances		–	6,000
Borrowing costs paid		(843)	(957)
Net cash (used in)/generated from financing activities		(6,042)	5,043
Net (decrease)/increase in cash and cash equivalents		(7,687)	16,985
Cash and cash equivalents at 1 August		85,457	68,606
Cash and cash equivalents at 31 January	15	77,770	85,591

The notes on pages 11 to 33 are an integral part of these condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

1 GENERAL INFORMATION

V.S. International Group Limited (the “Company”) and its subsidiaries (collectively, the “Group”) are principally engaged in the manufacturing and sale 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 the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). This condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated.

This condensed consolidated interim financial information for the six months ended 31 January 2024 is unaudited and has been reviewed by the audit committee of the Company. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 25 March 2024.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Company has a financial year end date of 31 July. This condensed consolidated interim financial information for the six months ended 31 January 2024 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”. This condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 July 2023, which were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The preparation of this condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual financial statements for the year ended 31 July 2023.

Notes to the Condensed Consolidated Interim Financial Information

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

The accounting policies used in the preparation of the condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 31 July 2023, except as mentioned below.

(a) Amendments to standards adopted by the Group

The Group has applied the following amendments to standards for the first time for their annual reporting period commencing 1 August 2023:

Standards	Subject of amendment
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKFRS 17	Insurance Contracts
HKAS 12 (Amendments)	International Tax Reform – Pillar Two Model Rules

The adoption of the above amendments did not have any significant impact on the preparation of this interim condensed consolidated financial information.

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

Certain new accounting standards, amendments to standards and interpretations have been published that are not mandatory for the Group's accounting periods beginning on or after 1 August 2023 and have not been early adopted by the Group:

Standards	Subject of amendment	Effective for annual periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current Liabilities with Covenants	1 January 2024
HKFRS 16 (Amendments)	Lease Liabilities in a Sale and Leaseback	1 January 2024
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements	1 January 2024
HK Int 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

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

These new standard and amendments to standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 July 2023.

There have been no changes in the risk management policies since 31 July 2023.

3.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

3.3 Fair value estimation

The different levels for analysis of financial instruments carried at fair value, by valuation method are defined as follows:

- 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 and liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

Notes to the Condensed Consolidated Interim Financial Information

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

The following table presents the Group's financial assets that are measured at fair value at 31 January 2024 and 31 July 2023.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 January 2024				
Financial assets at fair value through other comprehensive income	-	-	2,300	2,300
As at 31 July 2023				
Financial assets at fair value through other comprehensive income	-	-	2,300	2,300

There were no transfer of financial asset in the fair value hierarchy classifications for the period ended 31 January 2024.

4 SEGMENT REPORTING

The Group manages its business by division, which is organised by a mixture of both business lines and geographical locations. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment, the Group has identified the following three 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

4 SEGMENT REPORTING (CONTINUED)

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management 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, investment accounted for using the equity method and other corporate assets. Segment liabilities include trade and other payables 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.

Revenue for the period consists of the following:

	Unaudited	
	Six months ended 31 January	
	2024	2023
	RMB'000	RMB'000
Revenue		
Plastic injection and moulding	35,655	28,191
Assembling of electronic products	895	5,900
Mould design and fabrication	134	1,739
	36,684	35,830
Timing of revenue recognition		
At a point in time	36,684	33,674
Over time	-	2,156
	36,684	35,830

Notes to the Condensed Consolidated Interim Financial Information

4 SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities

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”, management 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.

Information regarding the Group’s reportable segments as provided to the Group’s senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Plastic injection and moulding		Assembling of electronic products		Mould design and fabrication		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 31 January:								
Revenue from external customers	35,655	28,191	895	5,900	134	1,739	36,684	35,830
Reportable segment result	645	(261)	32	87	22	501	699	327
Additions to non-current segment assets during the period	-	-	-	-	-	-	-	-
At 31 January/31 July:								
Reportable segment assets	91,297	123,945	478	1,756	275	5,985	92,050	131,686
Reportable segment liabilities	3,233	8,172	635	2,194	523	638	4,391	11,004

4 SEGMENT REPORTING (CONTINUED)

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

	Unaudited	
	Six months ended 31 January	
	2024	2023
	RMB'000	RMB'000
Revenue		
Reportable segment revenue	36,684	35,830
Consolidated revenue	36,684	35,830
Profit or loss		
Reportable segment profit	699	327
Finance costs – net (Note 6(a))	(272)	(464)
Share of net profit of an associate accounted for using the equity method	2,425	287
Reversal of impairment on investment accounted for using the equity method	9,179	–
Unallocated depreciation and amortisation	(2,619)	(3,635)
Unallocated operating income and expenses	(15,242)	(4,858)
Loss before income tax	(5,830)	(8,343)

	Unaudited	Audited
	At 31 January	At 31 July
	2024	2023
	RMB'000	RMB'000
Assets		
Reportable segment assets	92,050	131,686
Financial asset at fair value through other comprehensive income	2,300	2,300
Investment accounted for using the equity method	21,969	10,365
Unallocated head office and corporate assets	194,168	187,356
Consolidated total assets	310,487	331,707
Liabilities		
Reportable segment liabilities	4,391	11,004
Deferred income tax liabilities	781	920
Unallocated head office and corporate liabilities	32,192	40,481
Consolidated total liabilities	37,364	52,405

Notes to the Condensed Consolidated Interim Financial Information

4 SEGMENT REPORTING (CONTINUED)

(c) Revenue by geographical locations

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

	Unaudited	
	Six months ended 31 January	
	2024	2023
	RMB'000	RMB'000
Mainland China	36,078	29,642
Hong Kong	606	6,115
South East Asia	–	73
	36,684	35,830

An analysis of the Group's carrying amount of segment non-current assets has not been presented as all of the non-current assets are located in the People's Republic of China ("PRC").

The Group's customer base is diversified but includes two (2023: three) customers with whom transactions have individually exceeded 10% of the Group's aggregate revenue for the six months ended 31 January 2024.

Those customers individually contributed 77%, and 12% of the Group's revenue (2023: 57%, 24% and 12%), respectively.

5 OTHER GAINS – NET

	Unaudited	
	Six months ended 31 January	
	2024	2023
	RMB'000	RMB'000
Net foreign exchange gain	399	684
Gain on disposal of property, plant and equipment and right-of-use assets	110	1,553
	509	2,237

Notes to the Condensed Consolidated Interim Financial Information

6 LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting) the following:

(a) Finance costs – net

	Unaudited	
	Six months ended 31 January	
	2024	2023
	RMB'000	RMB'000
Interest income from bank deposits	(571)	(493)
Interest on loans from a director	789	909
Other finance charges	54	48
	843	957
Finance costs – net	272	464

(b) Other items

	Unaudited	
	Six months ended 31 January	
	2024	2023
	RMB'000	RMB'000
Legal and professional fee	1,325	1,178
Cost of sales	33,223	32,239
Depreciation on property, plant and equipment	5,464	6,729
Depreciation on right-of-use assets	287	325
Expenses relating to short-term leases	339	768
Reversal of provision for impairment loss on financial assets	(44)	(1)
Provision for impairment of inventories	23	35

Notes to the Condensed Consolidated Interim Financial Information

7 INCOME TAX EXPENSES

(a) Income tax expenses

	Unaudited	
	Six months ended 31 January	
	2024	2023
	RMB'000	RMB'000
Current income tax		
PRC corporate income tax	(488)	(50)
Deferred income tax		
Origination and reversal of temporary differences	139	(4)
	(349)	(54)

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 six months ended 31 January 2024 and 2023.

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 declared 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 or the British Virgin Islands.

7 INCOME TAX EXPENSES (CONTINUED)

(b) Deferred income tax liabilities

Deferred income tax is recognised on temporary differences under the liability method using the prevailing taxation rate of the regions where the temporary differences are related to.

The movement in the deferred income tax account is as follows:

Deferred income tax liabilities – unremitted retained profits of PRC subsidiaries

	Unaudited	
	Six months ended 31 January	
	2024	2023
	RMB'000	RMB'000
At beginning of the period	(920)	(916)
Credited/(charged) to the income statement	139	(4)
At end of the period	(781)	(920)

Notes to the Condensed Consolidated Interim Financial Information

8 LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of RMB6,179,000 (2023: RMB8,397,000) and the weighted average number of ordinary shares in issue during the current and the prior period as follows:

	Unaudited	
	Six months ended 31 January	
	2024	2023
Loss attributable to owners of the Company (RMB'000)	(6,179)	(8,397)
Weighted average number of ordinary shares in issue ('000)	2,307,513	2,307,513
Basic and diluted loss per share (RMB cents)	(0.27)	(0.36)

For the six months ended 31 January 2024 and 2023, diluted loss per share equals to basic loss per share as there were no potential dilutive ordinary shares outstanding during the period.

9 DIVIDENDS

(a) Dividends payable to owners of the Company attributable to the interim period

No dividend has been proposed by the Company after the end of the reporting period attributable to the six months ended 31 January 2024 and 2023.

(b) Dividends payable to owners of the Company attributable to the previous financial year, approved and paid during the interim period

No dividend has been approved or paid by the Company after the end of the reporting period attributable to the previous financial year.

10 PROPERTY, PLANT AND EQUIPMENT AND LEASES

(a) Property, plant and equipment

	Property, plant and equipment RMB'000
Cost	
Opening balance at 1 August 2022	709,801
Additions	–
Disposals	(15,742)
At 31 January 2023	<u>694,059</u>
Accumulated depreciation and amortisation	
Opening balance at 1 August 2022	500,146
Charge for the period	6,729
Written back on disposals	(14,651)
At 31 January 2023	<u>492,224</u>
Net book value	
At 31 January 2023 (Unaudited)	<u><u>201,835</u></u>
At 31 July 2022 (Audited)	<u><u>209,655</u></u>
Cost	
Opening balance at 1 August 2023	693,643
Additions	–
Disposals	(827)
At 31 January 2024	<u>692,816</u>
Accumulated depreciation and amortisation	
Opening balance at 1 August 2023	508,354
Charge for the period	5,464
Written back on disposals	(763)
At 31 January 2024	<u>513,055</u>
Net book value	
At 31 January 2024 (Unaudited)	<u><u>179,761</u></u>
At 31 July 2023 (Audited)	<u><u>185,289</u></u>

Notes to the Condensed Consolidated Interim Financial Information

10 PROPERTY, PLANT AND EQUIPMENT AND LEASES (CONTINUED)

(b) Right-of-use assets

(i) Amounts recognised in the condensed consolidated interim statement of financial position

	Unaudited At 31 January 2024 RMB'000	Audited At 31 July 2023 RMB'000
Right-of-use assets	11,534	11,736
Land use rights	1,243	1,329
Machineries	12,777	13,065

There were no additions to the right-of-use assets during the six months ended 31 January 2024.

(ii) Amounts recognised in the condensed consolidated income statement

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

		Unaudited Six months ended 31 January 2024 RMB'000	2023 RMB'000
Depreciation of right-of-use assets	6(b)	287	325
Expenses related to short-term leases	6(b)	339	768
		626	1,093

The total cash outflow for leases for the six months ended 31 January 2024 was RMB339,000 (2023: RMB768,000).

As at 31 January 2024 and 31 July 2023, none of right-of-use assets, land use rights, property, plant and equipment have been pledged as security for its trade finances, overdraft and bank loans.

11 FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

	Unaudited At 31 January 2024 RMB'000	Audited At 31 July 2023 RMB'000
At beginning of the period	2,300	3,100
Change in value on fair value through other comprehensive income	–	(800)
At end of the period	2,300	2,300

Notes:

- (a) The balance represented fair value of the Group's 10% equity interest in Qingdao GS Electronics Plastics Co., Ltd. and is dominated 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 projects and are within level 3 of fair value hierarchy. The significant unobservable inputs are revenue growth rate and the rate of return on the investment. The lower the rate of return, the higher the fair value of the investment. The higher the revenue growth rate, the higher the fair value of the investment.

Notes to the Condensed Consolidated Interim Financial Information

12 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Unaudited At 31 January 2024 RMB'000	Audited At 31 July 2023 RMB'000
Trade receivables	–	12,346
Less: Loss allowance	–	(44)
Trade receivables – net	–	12,302
Other receivables, deposits and prepayments	15,722	13,924
Total trade and other receivables, deposits and prepayments (current)	15,722	26,226

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

	Unaudited At 31 January 2024 RMB'000	Audited At 31 July 2023 RMB'000
Up to 3 months	–	11,845
3 to 6 months	–	501
	–	12,346

Credit terms granted by the Group to customers generally range from 30 to 120 days.

The Group does not hold any collaterals from customers.

Notes to the Condensed Consolidated Interim Financial Information

13 INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

	Unaudited At 31 January 2024 RMB'000	Audited At 31 July 2023 RMB'000
At beginning of period	10,365	7,496
Share of profit of an associate	2,425	2,402
Currency translation differences	–	467
Reversal of impairment (Note)	9,179	–
At end of the period	21,969	10,365

The particulars of the Group's associate as at 31 January 2024 and 31 July 2023 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		
				2024	2023	Measurement method
VS Industry Vietnam Joint Stock Company ("VS Vietnam")	Vietnam, Limited liability company	Manufacturing and selling of plastic moulded products and parts, assembling of electronic products and moulds design and fabrication 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:

During the period ended 31 January 2024, VS Vietnam recorded steady improvement of business performance. After considering the financial position of such associate and the likelihood of recovering the net investment in the associate, the management of the Group made a reversal of impairment of RMB9,179,000 against its carrying amount of this investment in associate.

Notes to the Condensed Consolidated Interim Financial Information

14 INVENTORIES

Inventories comprise:

	Unaudited At 31 January 2024 RMB'000	Audited At 31 July 2023 RMB'000
Raw materials	1,491	4,141
Work-in-progress	326	510
Finished goods	7,526	12,726
Inventories – gross	9,343	17,377
Provision for impairment	(9,343)	(9,320)
Inventories – net	–	8,057

15 CASH AND CASH EQUIVALENTS

	Unaudited At 31 January 2024 RMB'000	Audited At 31 July 2023 RMB'000
Cash at banks and on hand	48,634	76,049
Short term bank deposits (Note)	29,136	9,408
	77,770	85,457

Note:

As at 31 January 2024, the interest rate for short term bank deposits range from 5.05% to 5.10% per annum, and are denominated in US\$ and HK\$ with original maturity of not more than 3 months (2023: 4.83% to 5.25%).

16 SHARE CAPITAL

Authorised and issued share capital

	Unaudited At 31 January 2024		Audited At 31 July 2023	
	Number of shares '000	Amount '000	Number of shares '000	Amount '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 1 August 2022, 31 July 2023 and 31 January 2024	2,307,513	105,013	2,307,513	105,013

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.

Notes to the Condensed Consolidated Interim Financial Information

17 TRADE AND OTHER PAYABLES

	Unaudited At 31 January 2024 RMB'000	Audited At 31 July 2023 RMB'000
Trade payables	2,127	7,456
Accrued expenses and other payables	3,933	8,329
Payables for the purchase of property, plant and equipment	–	38
Deposits received	325	125
Trade and other payables	6,385	15,948

Note:

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

	Unaudited At 31 January 2024 RMB'000	Audited At 31 July 2023 RMB'000
Less than 1 month	399	3,275
1 to 3 months	980	3,327
More than 3 months	748	854
	2,127	7,456

18 SIGNIFICANT RELATED PARTY TRANSACTIONS

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.

- (a) During the six months ended 31 January 2024, the Group entered into the following significant related party transactions:

	Unaudited	
	2024	2023
	RMB'000	RMB'000
Sales of goods to a company controlled by the family member of a director	-	77
Expense relating to leases paid and payable to a company controlled by a director	313	731
Technical service fee paid and payable to a company controlled by a director	55	277
Repair and maintenance services paid and payable to a company controlled by a family member of a director	113	93

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

Notes to the Condensed Consolidated Interim Financial Information

18 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Unaudited At 31 January 2024 RMB'000	Audited At 31 July 2023 RMB'000
Amount due from a company controlled by a director	188	301
Amount due from a company controlled by a family member of a director	–	647
	188	948

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

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

	Unaudited At 31 January 2024 RMB'000	Audited At 31 July 2023 RMB'000
Amounts due to directors	458	429

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

18 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Loans from a director

Loans from a director was unsecured with interest-bearing at the rate of 4.57% per annum and due for repayment on 30 June 2024. The carrying amount of the loans from a director approximated its fair value and were denominated in US\$ and HK\$.

	Unaudited	Audited
	At 31 January	At 31 July
	2024	2023
	RMB'000	RMB'000
US\$	21,311	21,392
HK\$	8,429	13,716
	29,740	35,108

19 SUBSEQUENT EVENT

On 21 February 2024, V.S. Holding Vietnam Limited (“V.S. Holding”), a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with B&E Holding Limited (“B&E”), pursuant to which V.S. Holding conditionally agreed to acquire and B&E conditionally agreed to sell the 18,361,658 ordinary shares, being approximately 43.29% of the issued share capital of VS Industry Vietnam Joint Stock Company (the “Target Company”), at the consideration of HK\$69 million. Upon completion of the acquisition, the Company will indirectly own approximately 62.03% of the issued share capital of the Target Company through V.S. Holding and the Target Company will become a non-wholly owned subsidiary of the Company.



Management Discussion and Analysis of Results of Operations

OVERVIEW

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

FINANCIAL REVIEW

The Group recorded a revenue of RMB36.68 million, representing an increase of RMB0.85 million or 2.37% as compared to RMB35.83 million for the corresponding period in 2023. Gross profit for the period decreased from RMB3.59 million for the corresponding period in 2023 to RMB3.46 million. The gross profit margin dropped from 10.02% to 9.43%.

The Group's operating expenses, composed of distribution costs and general and administrative expenses, increased from RMB16.38 million to RMB25.47 million, an increase of RMB9.09 million as compared to the corresponding period in 2023. The Group recorded a loss of RMB6.18 million as compared to RMB8.40 million in the corresponding period ended 31 January 2023.

Plastic injection and moulding business

The Group recorded a revenue of RMB35.66 million for this segment, representing an increase of RMB7.47 million or 26.50% as compared to RMB28.19 million for the corresponding period in 2023 due to the increase in the sales orders in the PRC by a customer.

Assembling of electronic products business

This segment recorded a revenue of RMB0.89 million, representing a significant decrease of RMB5.01 million or 84.92% from RMB5.90 million for the corresponding period in 2023. The drop in revenue was mainly due to a drop in the amount of orders from Hong Kong placed by a customer.

Mould design and fabrication business

The mould design and fabrication segment recorded a revenue of RMB0.13 million, representing a significant decrease of RMB1.61 million or 92.53% as compared to RMB1.74 million for the corresponding period in 2023 due to the decrease in the sales orders by a customer.

Distribution costs

Distribution costs amounted to RMB0.67 million, representing a decrease of RMB0.28 million or 29.47% as compared to RMB0.95 million in the corresponding period ended 31 January 2023. The decrease in distribution costs was mainly due to the decrease in carriage outward.

General and administrative expenses

General and administrative expenses amounted to RMB24.80 million, representing an increase of RMB9.37 million or 60.73% as compared to RMB15.43 million for the corresponding period in 2023. The increase was primarily due to the increase in employee termination benefits of RMB6.86 million during the period.

Other gains – net

During the period, the Group recorded other net gains of RMB0.51 million as compared to RMB2.24 million for the corresponding period in 2023, which comprised mainly net gain on disposal of property, plant and equipment and right-of-use assets of RMB0.11 million and net foreign exchange gain of RMB0.40 million.

Finance costs – net

The net finance costs for the period amounted to RMB0.27 million (2023: RMB0.46 million).

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 RMB2.43 million (2023: 0.29 million) was solely attributed to profit recorded from its associate in Vietnam.

Reversal of impairment on investment accounted for using the equity method

During the period, an associate in Vietnam recorded steady improvement of business performance. After considering the financial position of such associate and the likelihood of recovering the net investment in the associate, the management of the Group made a reversal of impairment of RMB9,179,000 against its carrying amount of this investment in associate.

INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 January 2024 (2023: nil).



Future Prospects

The rising in inflation rate and fear of global recession causing 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. The Group is currently closed to securing a new customer. In addition, the group is finding way to optimise the utilization of the existing PPE including leasing of the idle facilities.

Other Information

LIQUIDITY AND FINANCIAL RESOURCES

During the period, the Group financed its operations and investing activities mainly by means of internally generated operating cash flow and loans from a director. As at 31 January 2024, the Group had cash and cash equivalents of RMB77.77 million (31 July 2023: RMB85.46 million). 41.79%, 43.53% and 14.68% of cash and cash equivalents are denominated in United States dollars (“USD”), Renminbi (“RMB”) and Hong Kong dollars (“HK\$”), respectively.

As at 31 January 2024, the Group had outstanding loans from a director of RMB29.74 million (31 July 2023: RMB35.11 million). The loans from a director were denominated in USD (71.66%) and HK\$ (28.34%), and the maturity profile is as follows:

Repayable	As at 31 January 2024		As at 31 July 2023	
	RMB million (Unaudited)	%	RMB million (Audited)	%
Within one year	29.74	100.00	35.11	100.00
Loans from a director	29.74	100.00	35.11	100.00
Cash and cash equivalents	(77.77)		(85.46)	
Net cash and cash equivalents	(48.03)		(50.35)	

As at 31 January 2024, the Group’s net current assets were RMB57.10 million (31 July 2023: RMB69.20 million).

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 are calculated as loans from a director less cash and cash equivalents. Total capital is calculated as total equity attributable to owners of the Company plus net borrowings. Gearing ratio was not presented as the Group was at a net cash position as at 31 January 2024 and 31 July 2023.

CHARGES ON GROUP ASSETS

As at 31 January 2024 and 31 July 2023, no assets of the Group were pledged to secure loan and trade financing facilities for the Group.

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

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. The Group will explore new market opportunities and expand its business portfolio, aiming to enrich its income streams and maintain steady business growth.

The Group held investment accounted for using the equity method with a value above 5% of the total assets of the Group as at 31 January 2024. The investment represented the Group's investment in its associate, VS Industry Vietnam Joint Stock Company ("VS Vietnam"). VS Vietnam is principally engaged in the manufacturing and selling of plastic moulded products and parts, assembling of electronic products and moulds design and fabrication. As at 31 January 2024, the Company indirectly held 7,947,700 shares (approximately 18.74% of the issued share capital) of VS Vietnam. The initial investment cost in VS Vietnam was approximately RMB31.01 million.

VS Vietnam is a private company and there is no quoted market price available for its shares. As at 31 January 2024, the carrying amount of investment accounted for using the equity method was approximately RMB21.97 million, which accounted for approximately 7.08% of the Group's total assets as at 31 January 2024. During the period ended 31 January 2024, VS Vietnam recorded steady improvement of business performance. After considering the financial position of such associate and the likelihood of recovering the net investment in the associate, the management of the Group made a reversal of impairment of approximately RMB9.18 million against its carrying amount of this investment in associate. The Company did not receive any realised and unrealised gain or loss or any dividends from VS Vietnam during the period ended 31 January 2024.

Going forward, the Company intends to acquire further shares in VS Vietnam. On 21 February 2024, V.S. Holding Vietnam Limited ("V.S. Holding"), a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with B&E Holding Limited ("B&E"), pursuant to which V.S. Holding conditionally agreed to acquire and B&E conditionally agreed to sell the 18,361,658 ordinary shares, being approximately 43.29% of the issued share capital of VS Vietnam, at the consideration of HK\$69.00 million. Such acquisition constituted a very substantial acquisition for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and is subject to reporting, announcement and shareholders' approval requirements. Upon completion of the acquisition, the Company will indirectly own approximately 62.03% of the issued share capital of VS Vietnam through V.S. Holding and VS Vietnam will become a non-wholly owned subsidiary of the Company. For further details, please refer to the announcement of the Company dated 21 February 2024.

Save as disclosed above, the Group did not conduct any significant investments, material acquisitions or disposals and the Group does not have any concrete plan for material investments or capital assets as at the date of this interim report.

CONTINGENT LIABILITIES

The Group does not have any material contingent liabilities as at 31 January 2024.

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to foreign currency risks 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 period, the Group has made net foreign exchange gain of RMB0.40 million (2023: RMB0.69 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 fluctuations of the RMB against the USD during the period, 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 January 2024, if RMB had weakened/strengthened by 5% against USD, with all other variables held constant, post-tax loss for the period would have been approximately RMB436,000 lower/higher (2023: post-tax loss for the period would have been approximately RMB854,000 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 January 2024, if RMB had weakened/strengthened by 5% against HK\$, with all other variables held constant, post-tax loss for the period would have been approximately RMB139,000 lower/higher (2023: post-tax loss for the period would have been approximately RMB739,000 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 January 2024, the Group had a total of 45 employees (31 July 2023: 160). During the period, the Group did not make significant change to the Group's remuneration policies. Human resources expenses of the Group (excluding Directors' remuneration but including employee termination benefits) for the period amounted to RMB18.04 million (2023: RMB12.01 million). The increase in human resources expenses was mainly due to the increase in the employee termination benefits during the period. 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.

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

During the period, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Save for the very substantial acquisition on 21 February 2024 as disclosed above, there were no other significant events affecting the Company nor any of its subsidiaries after the reporting period as at 31 January 2024 requiring disclosure in this interim report.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's interim financial results for the six months ended 31 January 2024 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.

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

As at 31 January 2024, the interests and short positions of the Directors and chief executive of the Company in the shares ("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 Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules ("Model 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	354,498,283 ordinary shares (L) (Note 3)	9.26%
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	124,031,400 ordinary shares (L) (Note 4)	3.24%
Zhang Pei Yu	The Company	Beneficial owner	2,000 Shares (L)	0.00%

Other Information

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
Beh Hwee Sze	The Company	Beneficial owner	30,206,960 Shares (L)	1.31%
	VS Berhad	Beneficial owner	154,879,614 ordinary shares (L) (Note 5)	4.04%
Tang Sim Cheow	The Company	Beneficial owner	639,130 Shares (L)	0.03%

Notes:

1. Mr. Beh Kim Ling is the father of Mr. Beh Chern Wei and Ms. Beh Hwee Sze.
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. 56,451,397 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. 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. 200,050 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. 16,356,902 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 Model 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 six months ended 31 January 2024 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 CONTRACTS

Apart from the related party transactions as disclosed in note 18 to the interim financial information of the Group, no 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 period under review or at any time during the period under review.

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

As at 31 January 2024, 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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions (“Code Provisions”) of the Corporate Governance Code (“CG Code”) as set out in Appendix C1 to the Listing Rules throughout the six months except for the deviation from Code Provision C.2.1 in respect of segregation of the roles of chairman and chief executive officer.

According to Code Provision C.2.1 under the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Beh Kim Ling and Mr. Beh Chern Wei 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 C.2.1 as part of his duties overlap with those of the managing director, who is in practice the chief executive officer. 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.

COMPLIANCE WITH APPENDIX C3 TO THE LISTING RULES

The Company has adopted a securities dealing code (“SD Code”) regarding the dealings of the Directors and members of the senior management of the Group in securities of the Company, on terms no less exacting than the required standard under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules.

The Company, having made specific enquiry on all Directors, is not aware of any non-compliance by any Director during the period with the SD Code and Appendix C3 to the Listing Rules throughout the six months period ended 31 January 2024.

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

Johor Bahru, Malaysia
25 March 2024