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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)

CONNECTED TRANSACTION: DISPOSAL OF MACHINERIES

The Board announces that the Vendors, indirectly wholly-owned subsidiaries of the Company, entered into the Agreement on 18 March 2020 with the Purchaser, pursuant to which the Vendors have agreed to sell, and the Purchaser has agreed to purchase, the Machineries.

As at the date of this announcement, the Purchaser is a company wholly-owned by Mr. KS Beh, who is a brother of Mr. Beh Kim Ling, an executive Director and the chairman of the Company, the brother-in-law of Madam Gan Chu Cheng, an executive Director, and the uncle of Mr. Beh Chern Wei, an executive Director. As such, Mr. KS Beh and the Purchaser are associates of the Company. By virtue of the above, the Purchaser is a connected person of the Company and the Transaction therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the Transaction are more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements but is exempted from the independent Shareholders' approval requirement pursuant to Rule 14A.76 of the Listing Rules.

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The major terms of the Agreement are set out below.

THE AGREEMENT

Date: 18 March 2020

Parties:

Vendors:

- (i) V.S. Industry (Zhuhai) Co., Ltd., a company established in the PRC and principally engaged in the manufacturing, assembling and selling of plastic moulded products and electronic products, parts and components, and moulds design and fabrication and an indirectly wholly-owned subsidiary of the Company as at the date of the Agreement;
- (ii) VSA Electronics Technology (Zhuhai) Co., Ltd., an investment holding company established in the PRC and an indirect wholly-owned subsidiary of the Company as at the date of the Agreement;
- (iii) V.S. Technology Industry Park (Zhuhai) Co., Ltd., a company established in the PRC and principally engaged in the manufacturing, assembling and selling of plastic moulded products and electronic products, parts and components, and moulds design and fabrication and an indirectly wholly-owned subsidiary of the Company as at the date of the Agreement; and

Purchaser: B&E Holding Ltd., an investment holding company incorporated under the laws of the British Virgin Islands, the entire issued share capital of which is owned by Mr. KS Beh as at the date of the Agreement.

Asset to be disposed of:

Prior to the Disposal, the Machineries were used by the Vendors for the purpose of manufacturing of relevant electronic products, parts and components. The net book value of the Machineries as at 29 February 2020 amounted to approximately RMB11.0 million. The Machineries has been held by the Group for more than 12 months.

As a result of the Disposal, the Directors expect that the Group will record an unaudited loss before taxation on the Disposal of approximately RMB2.9 million, being the difference between the Consideration after deducting the dismantling and transportation cost of approximately RMB0.8 million, being approximately RMB8.1 million, and the net book value of the Machineries of approximately RMB11.0 million as at 29 February 2020. Such calculation is only an estimate provided for illustrative purposes and the accounting treatment of the Disposal will be subject to further review by the auditors of the Company.

Consideration:

Pursuant to the Agreement, the consideration payable by the Purchaser for the acquisition of the Machineries amounts to US\$1,261,062 (equivalent to approximately RMB8,880,718), that is payable to the Vendors at completion of the Agreement which is expected to take place on or around 31 July 2020 or such later date as may be mutually agreed between the Purchaser and the Vendors.

The Consideration was arrived at after arm's length negotiation between the Vendors and the Purchaser by reference to (i) the net book value of the Machineries; (ii) the dismantling and transportation cost of the Machineries; (iii) the amount of Consideration is higher than the quotations for the sale of Machineries to Independent Third Parties, which ranges from RMB4.8 million to RMB6.7 million; and (iv) a valuation report dated 10 March 2020 prepared by an independent valuer on the Machineries as at 6 March 2020 under cost approach, the value of which was approximately RMB6.5 million.

REASONS FOR AND BENEFITS OF THE DISPOSAL.

The Machineries were used by the Vendors for manufacturing of relevant electronic products, parts and components. But due to the trade war between the United States of America and the PRC, there was a drop in the Group's sales volume and the Machineries were either no longer required for production or they were not being effectively utilised. In light of this, the Company intended to redeploy its assets to make funds available for working capital purpose. The Disposal is expected to generate net proceeds of about RMB8.1 million, which will enhance the working capital of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Agreement were on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Each of the Interested Directors, was indirectly interested in the Agreement, as each of them was indirectly interested in the issued share capital of the Purchaser. The Interested Directors have abstained from voting on the board resolutions to approve the Agreement and the Transaction.

LISTING RULE IMPLICATIONS

As at the date of this announcement, the Purchaser is a company wholly-owned by Mr. KS Beh, who is a brother of Mr. Beh Kim Ling, an executive Director and the chairman of the Company, the brother-in-law of Madam Gan Chu Cheng, an executive Director, and the uncle of Mr. Beh Chern Wei, an executive Director. As such, Mr. KS Beh and the Purchaser are associates of the Company. By virtue of the above, the Purchaser is a connected person of the Company and the Transaction therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the Transaction are more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements but is exempted from the independent Shareholders' approval requirement pursuant to Rule 14A.76 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the same meanings as set out below:–

“Agreement”	the sale and purchase agreement dated 18 March 2020 and entered into between the Vendors and the Purchaser pursuant to which the Vendors has agreed to sell and the Purchaser has agreed to purchase the Machineries
“Board”	the board of Directors
“Company”	V.S. International Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning as ascribed to it under the Listing Rules
“Consideration”	US\$1,261,062 (equivalent to approximately RMB8,880,718), being the aggregate amount of money payable to the Vendors by the Purchaser for the Machineries
“Directors”	directors of the Company
“Disposal”	the disposal of the Machineries by the Vendors to the Purchaser
“Group”	the Company and its subsidiaries
“Interested Directors”	Mr. Beh Kim Ling, Madam Gan Chu Cheng and Mr. Beh Chern Wei
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Machineries”	the machineries used for the manufacturing of relevant electronic products, parts and components to be disposed of by the Vendors pursuant to the Agreement
“Mr. KS Beh”	Mr. Beh Kim Siew, a brother of Mr. Beh Kim Ling, who is an executive Director and the chairman of the Company, a brother-in-law of Madam Gan Chu Cheng, an executive Director, and an uncle of Mr. Beh Chern Wei, an executive Director
“PRC”	the People’s Republic of China

“Purchaser”	B&E Holding Ltd., a company incorporated under the laws of the British Virgin Islands, the entire issued share capital of which is owned by Mr. KS Beh as at the date of the announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transaction contemplated under the Agreement
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendors”	V.S. Industry (Zhuhai) Co., Ltd., VSA Electronics Technology (Zhuhai) Co., Ltd., and V.S. Technology Industry Park (Zhuhai) Co. Ltd., companies established in the PRC, which are indirect wholly-owned subsidiaries of the Company, and the Vendors under the Agreement

For the purpose of this announcement, conversions of US\$ into Renminbi are based on the approximate exchange rate of US\$0.142 to RMB1.

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

Zhuhai, the PRC, 18 March 2020

As at the date of this announcement, the Board comprises the following members:

Executive Directors:

Mr. Beh Kim Ling
Mr. Gan Sem Yam
Madam Gan Chu Cheng
Mr. Zhang Pei Yu
Mr. Beh Chern Wei

Independent non-executive Directors:

Mr. Diong Tai Pew
Mr. Tang Sim Cheow
Ms. Fu Xiao Nan

Non-executive Director:

Mr. Gan Tiong Sia