



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)



2022/23

INTERIM REPORT



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Beh Kim Ling (*Chairman*)

Gan Sem Yam (*Managing Director*)

Beh Chern Wei (*Finance Director*)

Zhang Pei Yu

Independent non-executive Directors

Tang Sim Cheow

Diong Tai Pew

Fu Xiao Nan

AUDIT COMMITTEE OF THE BOARD

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

Diong Tai Pew

Fu Xiao Nan

REMUNERATION COMMITTEE OF THE BOARD

Fu Xiao Nan

(*Chairman of the Remuneration Committee*)

Tang Sim Cheow

Beh Kim Ling

NOMINATION COMMITTEE OF THE BOARD

Diong Tai Pew

(*Chairman of the Nomination Committee*)

Tang Sim Cheow

Beh Chern Wei

COMPANY SECRETARY

Ng Ting On, Polly

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

Shops 1712-1716, 17th Floor

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
Fax No: (852) 2511 9880

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

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

VSA Electronics Technology (Zhuhai) Co., Ltd.

V.S. ECO-TECH (Zhuhai) Co., Ltd.

V.S. Industrial Product Design (Zhuhai) Co., Ltd.

**Zhuhai Deyuan Energy Conservation Technology
Company Limited**

Beisha Village, Tangjia Wan Town
Xiangzhou District
519085 Zhuhai
Guangdong Province
The People's Republic of China
Tel. No: (86) 756 6295 888
Fax No: (86) 756 3385 691/681

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 2023, which has been reviewed by the audit committee (“Audit Committee”) of the Board.



Condensed Consolidated Income Statement

For the six months ended 31 January 2023

		Unaudited	
		Six months ended 31 January	
		2023	2022
	Note	RMB'000	RMB'000
Revenue	4	35,830	85,583
Cost of sales		(32,239)	(75,382)
Gross profit		3,591	10,201
Other income – net		2,385	1,578
Other gains – net	5	2,237	370
Distribution costs		(954)	(2,197)
General and administrative expenses		(15,426)	(19,506)
Reversal of impairment loss on financial assets		1	2
Operating loss		(8,166)	(9,552)
Finance costs – net	6(a)	(464)	(461)
Share of net profit of an associate accounted for using the equity method		287	622
Loss before income tax	6	(8,343)	(9,391)
Income tax (expenses)/credit	7(a)	(54)	1,570
Loss for the period attributable to owners of the Company		(8,397)	(7,821)
Loss per share attributable to owners of the Company during the period (Renminbi cents)			
Basic and diluted	8	(0.36)	(0.34)

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 2023

	Unaudited	
	Six months ended 31 January	
	2023	2022
	RMB'000	RMB'000
Loss for the period	(8,397)	(7,821)
Other comprehensive income for the period	-	-
Total comprehensive loss for the period attributable to owners of the Company	(8,397)	(7,821)

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 2023

		Unaudited At 31 January 2023 RMB'000	Audited At 31 July 2022 RMB'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	10(a)	201,835	209,655
Right-of-use assets	10(b)	14,622	14,947
Financial asset at fair value through other comprehensive income	11	3,100	3,100
Investment accounted for using the equity method	14	7,783	7,496
		227,340	235,198
Current assets			
Inventories	15	12,948	16,445
Contract assets	12	47	597
Trade and other receivables, deposits and prepayments	13	27,858	41,027
Amounts due from related parties	20(b)	544	663
Restricted bank balances	16	–	6,000
Cash and cash equivalents	17	85,591	68,606
		126,988	133,338
Total assets		354,328	368,536
EQUITY			
Capital and reserves			
Share capital	18	105,013	105,013
Share premium		306,364	306,364
Other deficits		(117,819)	(109,422)
Total equity attributable to owners of the Company		293,558	301,955

Condensed Consolidated Statement of Financial Position

At 31 January 2023

		Unaudited	Audited
		At 31 January	At 31 July
		2023	2022
	Note	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Loans from a director	20(d)	37,535	37,413
Deferred income tax liabilities	7(b)	920	916
		38,455	38,329
Current liabilities			
Trade and other payables	19	21,744	27,589
Amounts due to related parties	20(c)	544	570
Tax payable		27	93
		22,315	28,252
Total liabilities		60,770	66,581
Total equity and liabilities		354,328	368,536

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 2023

	Share capital RMB'000	Share premium RMB'000	Capital reserves RMB'000	Statutory reserve fund RMB'000	Financial asset at fair value through other comprehensive income reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 August 2021	105,013	306,364	11,752	61,995	(4,498)	(129,824)	350,802
Comprehensive loss							
Loss for the period	-	-	-	-	-	(7,821)	(7,821)
Total comprehensive loss for the period	-	-	-	-	-	(7,821)	(7,821)
At 31 January 2022	105,013	306,364	11,752	61,995	(4,498)	(137,645)	342,981
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)
Deregistration of a subsidiary	-	-	-	(17)	-	17	-
At 31 January 2023	105,013	306,364	11,752	61,978	(5,098)	(186,451)	293,558

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 2023

	Note	Unaudited	
		Six months ended 31 January	
		2023	2022
		RMB'000	RMB'000
Cash flows generated from operating activities			
Cash used in operations		4,314	14,506
Income tax paid		(116)	(120)
Net cash generated from operating activities		4,198	14,386
Cash flows from investing activities			
Payments for the purchase of property, plant and equipment		–	(719)
Proceeds from disposal of property, plant and equipment and right-of-use assets		7,251	811
Interest received		493	996
Net cash generated from investing activities		7,744	1,088
Cash flows from financing activities			
Repayment of bank loans		–	(19,004)
Decrease in restricted bank balances		6,000	39,186
Net decrease in trust receipt loans		–	(26,853)
Principal and interest element of lease payment		–	(222)
Borrowing costs paid		(957)	(1,450)
Net cash generated from/(used in) financing activities		5,043	(8,343)
Net increase in cash and cash equivalents		16,985	7,131
Cash and cash equivalents at 1 August		68,606	43,196
Cash and cash equivalents at 31 January	17	85,591	50,327

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 Security 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 2023 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 21 March 2023.

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 2023 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 2022, 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 2022.

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 2022, 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 2022:

Standards	Subject of amendment
Amendments to HKFRS 3, HKAS 16 and HKAS 37 Amendments to Annual Improvement Project	Narrow-scope Amendments Annual improvements 2018-2021 cycle (HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41)
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

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 2022 and have not been early adopted by the Group:

Standards	Subject of amendment	Effective for annual periods beginning on or after
HKFRS 17	Insurance contracts and the related amendments	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
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 2022.

There have been no changes in the risk management polices since 31 July 2022.

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 2023 and 31 July 2022.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 January 2023				
Financial assets at fair value through other comprehensive income	-	-	3,100	3,100
As at 31 July 2022				
Financial assets at fair value through other comprehensive income	-	-	3,100	3,100

There were no transfer of financial asset in the fair value hierarchy classifications for the period ended 31 January 2023.

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 unallocated head office and 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	
	2023	2022
	RMB'000	RMB'000
Revenue		
Plastic injection and moulding	28,191	56,520
Assembling of electronic products	5,900	26,860
Mould design and fabrication	1,739	2,203
	35,830	85,583
Timing of revenue recognition		
At a point in time	33,674	68,083
Over time	2,156	17,500
	35,830	85,583

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	
	2023	2022	2023	2022	2023	2022	2023	2022
	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	28,191	56,520	5,900	26,860	1,739	2,203	35,830	85,583
Reportable segment result	(261)	12,082	87	(7,323)	501	830	327	5,589
Additions to non-current segment assets during the period	-	20	-	-	-	-	-	20
At 31 January/31 July:								
Reportable segment assets	143,102	161,753	2,287	3,861	12,868	9,914	158,257	175,528
Reportable segment liabilities	6,584	6,835	9,057	13,177	373	443	16,014	20,455

Notes to the Condensed Consolidated Interim Financial Information

4 SEGMENT REPORTING (CONTINUED)

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

	Unaudited	
	Six months ended 31 January	
	2023	2022
	RMB'000	RMB'000
Revenue		
Reportable segment revenue	35,830	85,583
Consolidated revenue	35,830	85,583
Profit or loss		
Reportable segment profit	327	5,589
Finance costs – net (Note 6(a))	(464)	(461)
Share of net profit of an associate accounted for using the equity method	287	622
Unallocated depreciation and amortisation	(3,635)	(8,433)
Unallocated operating income and expenses	(4,858)	(6,708)
Loss before income tax	(8,343)	(9,391)
Assets		
Reportable segment assets	158,257	175,528
Financial asset at fair value through other comprehensive income	3,100	3,100
Investment accounted for using the equity method	7,783	7,496
Unallocated head office and corporate assets	185,188	182,412
Consolidated total assets	354,328	368,536
Liabilities		
Reportable segment liabilities	16,014	20,455
Deferred income tax liabilities	920	916
Unallocated head office and corporate liabilities	43,836	45,210
Consolidated total liabilities	60,770	66,581

	Unaudited	Audited
	At 31 January	At 31 July
	2023	2022
	RMB'000	RMB'000
Assets		
Reportable segment assets	158,257	175,528
Financial asset at fair value through other comprehensive income	3,100	3,100
Investment accounted for using the equity method	7,783	7,496
Unallocated head office and corporate assets	185,188	182,412
Consolidated total assets	354,328	368,536
Liabilities		
Reportable segment liabilities	16,014	20,455
Deferred income tax liabilities	920	916
Unallocated head office and corporate liabilities	43,836	45,210
Consolidated total liabilities	60,770	66,581

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	
	2023	2022
	RMB'000	RMB'000
Mainland China	29,642	61,729
Hong Kong	6,115	7,995
South East Asia	73	497
Europe	–	13,841
United States of America	–	1,521
	35,830	85,583

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 three (2022: three) customers with whom transactions have individually exceeded 10% of the Group's aggregate revenue for the six months ended 31 January 2023.

Those customers individually contributed 57%, 24% and 12% of the Group's revenue (2022: 35%, 31% and 19%), respectively.

5 OTHER GAINS – NET

	Unaudited	
	Six months ended 31 January	
	2023	2022
	RMB'000	RMB'000
Net foreign exchange gain	684	303
Gain on disposal of property, plant and equipment and right-of-use assets	1,553	67
	2,237	370

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	
	2023	2022
	RMB'000	RMB'000
Interest income from bank deposits	(493)	(996)
Interest on bank borrowings	–	825
Interest on loans from a director	909	554
Interest expenses on lease liabilities	–	7
Other finance charges	48	71
	957	1,457
Finance costs – net	464	461

(b) Other items

	Unaudited	
	Six months ended 31 January	
	2023	2022
	RMB'000	RMB'000
Legal and professional fee	1,178	969
Cost of sales	32,239	75,382
Depreciation on property, plant and equipment	6,729	12,312
Depreciation on right-of-use assets	325	1,402
Expenses relating to short-term leases	768	802
Reversal of provision for impairment loss on financial assets	(1)	(2)
Provision for impairment of inventories	35	3,884

Notes to the Condensed Consolidated Interim Financial Information

7 INCOME TAX (EXPENSES)/CREDIT

(a) Income tax (expenses)/credit

	Unaudited	
	Six months ended 31 January	
	2023	2022
	RMB'000	RMB'000
Current income tax		
PRC corporate income tax	(50)	(86)
Deferred income tax		
Origination and reversal of temporary differences	(4)	1,656
	(54)	1,570

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 2023 and 2022.

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)/CREDIT (CONTINUED)

(b) Deferred income tax assets/(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	
	2023	2022
	RMB'000	RMB'000
At beginning of the period	(916)	(2,823)
(Charged)/credited to the income statement	(4)	498
At end of the period	(920)	(2,325)

Deferred income tax assets – provisions

	Unaudited	
	Six months ended 31 January	
	2023	2022
	RMB'000	RMB'000
At beginning of the period	–	1,027
Credited to the income statement	–	1,158
At end of the period	–	2,185

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 RMB8,397,000 (2022: RMB7,821,000) 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	
	2023	2022
Loss attributable to owners of the Company (<i>RMB'000</i>)	(8,397)	(7,821)
Weighted average number of ordinary shares in issue (<i>'000</i>)	2,307,513	2,307,513
Basic and diluted loss per share (<i>RMB cents</i>)	(0.36)	(0.34)

For the six months ended 31 January 2023 and 2022, 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 2023 and 2022.

(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 2021	874,690
Additions	20
Disposals	(1,670)
At 31 January 2022	<u>873,040</u>
Accumulated depreciation and amortisation	
Opening balance at 1 August 2021	611,636
Charge for the period	12,312
Written back on disposals	(926)
Reversal of impairment	16,640
At 31 January 2022	<u>639,662</u>
Net book value	
At 31 January 2022 (Unaudited)	<u><u>233,378</u></u>
At 31 July 2021 (Audited)	<u><u>263,054</u></u>
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>

Notes to the Condensed Consolidated Interim Financial Information

10 PROPERTY, PLANT AND EQUIPMENT AND LEASES (CONTINUED)

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

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

	Unaudited At 31 January 2023 RMB'000	Audited At 31 July 2022 RMB'000
Right-of-use assets		
Land use rights	11,937	12,139
Machineries	2,685	2,808
	14,622	14,947

There were no additions to the right-of-use assets during the six months ended 31 January 2023.

(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	
		2023 RMB'000	2022 RMB'000
	Note		
Depreciation of right-of-use assets	6(b)	325	1,402
Interest on lease liabilities	6(a)	-	7
Expenses related to short-term leases	6(b)	768	802
		1,093	2,211

The total cash outflow for leases for the six months ended 31 January 2023 was RMB768,000 (2022: RMB1,024,000).

As at 31 January 2023 and 31 July 2022, 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.

Notes to the Condensed Consolidated Interim Financial Information

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 2023 RMB'000	Audited At 31 July 2022 RMB'000
At beginning of the period	3,100	3,700
Change in value on fair value through other comprehensive income	–	(600)
At end of the period	3,100	3,100

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.

12 CONTRACT ASSETS

	Unaudited At 31 January 2023 RMB'000	Audited At 31 July 2022 RMB'000
Contract assets – gross	47	598
Less: Loss allowance	–	(1)
Contract assets – net	47	597

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

Notes to the Condensed Consolidated Interim Financial Information

13 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Unaudited At 31 January 2023 RMB'000	Audited At 31 July 2022 RMB'000
Trade receivables	10,474	18,465
Less: Loss allowance	(315)	(315)
Trade receivables – net	10,159	18,150
Other receivables, deposits and prepayments – net	17,699	22,877
Total trade and other receivables, deposits and prepayments (current)	27,858	41,027

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

	Unaudited At 31 January 2023 RMB'000	Audited At 31 July 2022 RMB'000
Up to 3 months	9,511	15,717
3 to 6 months	663	2,448
Over 6 months	300	300
	10,474	18,465

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

14 INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

	Unaudited At 31 January 2023 RMB'000	Audited At 31 July 2022 RMB'000
At beginning of period	7,496	5,366
Share of profit of an associate	287	2,130
At end of the period	7,783	7,496

The particulars of the Group's associate as at 31 January 2023 and 31 July 2022 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		Measurement method
				2023	2022	
VS Industry Vietnam Joint Stock Company ("VS Vietnam")	Vietnam, Limited liability company	Manufacturing and selling of plastic moulded products and parts in Vietnam	Legal capital of US\$21,291,213	18.74%	18.74%	Equity method

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

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

Notes to the Condensed Consolidated Interim Financial Information

15 INVENTORIES

Inventories comprise:

	Unaudited	Audited
	At 31 January	At 31 July
	2023	2022
	RMB'000	RMB'000
Raw materials	10,566	12,742
Work-in-progress	1,874	1,378
Finished goods	13,421	15,339
Inventories – gross	25,861	29,459
Provision for impairment	(12,913)	(13,014)
Inventories – net	12,948	16,445

16 RESTRICTED BANK BALANCES

	Unaudited	Audited
	At 31 January	At 31 July
	2023	2022
	RMB'000	RMB'000
Pledged deposits with banks (Note (a))	–	5,000
Other restricted bank balance (Note (b))	–	1,000
	–	6,000

Note:

- (a) As at 31 July 2022, the deposits were placed in a restricted bank account, and the deposits were subsequently released from restriction in September 2022.
- (b) As at 31 July 2022, bank balance of approximately RMB1,000,000 was restricted for a pending legal dispute with an ex-employee as ordered by the court in the PRC.

Notes to the Condensed Consolidated Interim Financial Information

17 CASH AND CASH EQUIVALENTS

	Unaudited At 31 January 2023 RMB'000	Audited At 31 July 2022 RMB'000
Cash at banks and on hand	58,549	41,631
Short term bank deposits (Note)	27,042	26,975
	85,591	68,606

Note:

As at 31 January 2023, the interest rate for short term bank deposit is 3% per annum, and is denominated in US\$ with original maturity of not more than 3 months (2022: 1.5%)

18 SHARE CAPITAL

Authorised and issued share capital

	Unaudited At 31 January 2023		Audited At 31 July 2022	
	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 2021, 31 July 2022 and 31 January 2023	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

19 TRADE AND OTHER PAYABLES

	Unaudited At 31 January 2023 RMB'000	Audited At 31 July 2022 RMB'000
Trade payables	4,858	7,876
Accrued expenses and other payables	8,327	11,154
Payables for the purchase of property, plant and equipment	38	38
Contract liabilities (Note)	8,396	8,396
Deposits received	125	125
Trade and other payables	21,744	27,589

Note: Contract liabilities include receipts in advance from customers.

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

	Unaudited At 31 January 2023 RMB'000	Audited At 31 July 2022 RMB'000
Less than 1 month	2,154	2,910
1 to 3 months	1,825	3,284
More than 3 months	879	1,682
	4,858	7,876

20 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 2023, the Group entered into the following significant related party transactions:

	Unaudited	
	Six months ended 31 January	
	2023	2022
	RMB'000	RMB'000
Sales of goods to an associate	-	689
Sales of goods to a company controlled by the family member of a director	77	-
Sales of machineries to a company controlled by the family member of a director	-	538
Expense relating to leases paid and payable to a company controlled by a director	731	731
Technical service fee paid and payable to a company controlled by a director	277	-
Repair and maintenance services paid and payable to a company controlled by a family member of a director	93	237

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

20 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Unaudited At 31 January 2023 RMB'000	Audited At 31 July 2022 RMB'000
Amount due from a company controlled by a director	544	339
Amount due from an associate (Note)	-	324
	544	663

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

Note:

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

	Unaudited At 31 January 2023 RMB'000	Audited At 31 July 2022 RMB'000
Up to 3 months	-	324

20 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Unaudited At 31 January 2023 RMB'000	Audited At 31 July 2022 RMB'000
Amounts due to directors	534	532
Amounts due to companies controlled by the family member of a director	–	38
Amount due to the ultimate holding company	10	–
	544	570

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

(d) Loans from a director

Loans from a director was unsecured with interest-bearing at the rate of 4.75% per annum and due for repayment on 30 Jun 2024. The carrying amount of the loans from a director approximated its fair value and were denominated in US\$ and HK\$.

	Unaudited At 31 January 2023 RMB'000	Audited At 31 July 2022 RMB'000
US\$	20,281	20,231
HK\$	17,254	17,182
	37,535	37,413

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 RMB35.83 million, representing a decrease of RMB49.75 million or 58.13% as compared to RMB85.58 million for the corresponding period in 2022. Gross profit for the period decreased from RMB10.20 million for the corresponding period in 2022 to RMB3.59 million. The gross profit margin dropped from 11.92% to 10.02%.

The Group's operating expenses, composed of distribution costs and general and administrative expenses, decreased from RMB21.70 million to RMB16.38 million, a decrease of RMB5.32 million as compared to the corresponding period in 2022. The Group recorded a loss of RMB8.40 million as compared to RMB7.82 million in the corresponding period ended 31 January 2022.

Plastic injection and moulding business

The Group recorded a revenue of RMB28.19 million for this segment, representing a decrease of RMB28.33 million or 50.12% as compared to RMB56.52 million for the corresponding period in 2022 due to the decrease in the sales orders in the PRC by two existing customers.

Assembling of electronic products business

This segment recorded a revenue of RMB5.90 million, representing a significant decrease of RMB20.96 million or 78.03% from RMB26.86 million for the corresponding period in 2022. The drop in revenue was mainly due to a drop in the amount of orders in Europe and the United States of America placed by a customer that ceased business operation in the second half of the year 2022.

Mould design and fabrication business

The mould design and fabrication segment recorded a revenue of RMB1.74 million, representing a decrease of RMB0.46 million or 20.91% as compared to RMB2.20 million for the corresponding period in 2022 due to the decrease in the sales orders by the existing customers.

Distribution costs

Distribution costs amounted to RMB0.95 million, representing a decrease of RMB1.25 million or 56.82% as compared to RMB2.20 million in the corresponding period ended 31 January 2022. The decrease in distribution costs was mainly due to the decrease in carriage outward.

Management Discussion and Analysis of Results of Operations

General and administrative expenses

General and administrative expenses amounted to RMB15.43 million, representing a decrease of RMB4.07 million or 20.87% as compared to RMB19.50 million for the corresponding period in 2022. The decrease was primarily due to the decrease in depreciation on property, plant and equipment and right-of-use assets of RMB2.40 million, and lower human resources expenses of RMB1.48 million during the period.

Other gains – net

During the period, the Group recorded other net gains of RMB2.24 million as compared to RMB0.37 million for the corresponding period in 2022, which comprised mainly net gain on disposal of property, plant and equipment and right-of-use assets of RMB1.55 million and net foreign exchange gain of RMB0.69 million.

Finance costs – net

The net finance costs for the period amounted to RMB0.46 million (2022: 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 RMB0.29 million (2022: 0.62 million) was solely attributed to profit recorded from its associate in Vietnam.

INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 January 2023 (2022: nil).

Future Prospects



The rising in inflation rate and fear of global recession cause uncertainty in world economy.

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



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 2023, the Group had cash and cash equivalents and restricted bank balances of RMB85.59 million (31 July 2022: RMB74.61 million). 50.21%, 49.18% and 0.61% of cash and cash equivalents and restricted bank balances are denominated in United States dollars (“USD”), Renminbi (“RMB”) and Hong Kong dollars (“HK\$”), respectively.

As at 31 January 2023, the Group had outstanding loans from a director of RMB37.54 million (31 July 2022: RMB37.41 million). The loans from a director were denominated in USD (54.03%) and HK\$ (45.97%), and the maturity profile is as follows:

	As at 31 January 2023		As at 31 July 2022	
	RMB million (Unaudited)	%	RMB million (Audited)	%
Repayable				
After one year but within two years	37.54	100.00	37.41	100.00
Loans from a director	37.54	100.00	37.41	100.00
Cash and cash equivalents and restricted bank balances	(85.59)		(74.61)	
Net cash and cash equivalents and restricted bank balances	(48.05)		(37.20)	

As at 31 January 2023, the Group’s net current assets were RMB104.67 million (31 July 2022: RMB105.09 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 and restricted bank balances. 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 2023 and 31 July 2022.

Other Information

CHARGES ON GROUP ASSETS

As at 31 January 2023 and 31 July 2022, 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 did not conduct any significant investments, material acquisitions or disposals. The Group has been streamlining its operation over the years with an aim to improve the Group's financial position by adopting a light asset operation and lower geared structure and higher liquidity. As at the date of this interim report, the Group does not have any concrete plan for material investments or capital assets.

CONTINGENT LIABILITIES

The Group does not have any material contingent liabilities as at 31 January 2023.

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 RMB0.69 million (2022: RMB0.30 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 2023, 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 RMB854,000 lower/higher (2022: post-tax loss for the period would have been approximately RMB1,977,000 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 2023, 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 RMB739,000 higher/lower (2022: post-tax loss for the period would have been approximately RMB299,000 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.

FOREIGN EXCHANGE EXPOSURE (CONTINUED)

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 2023, the Group had a total of 193 employees (31 July 2022: 253). 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) for the period amounted to RMB12.01 million (2022: RMB22.04 million). The decrease in human resources expenses was mainly due to the decrease in the number of employees 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.

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

As at 1 August 2022 and 31 January 2023, there was no outstanding share option under the Share Option Scheme. For the six months ended 31 January 2023, no share option was granted, vested, exercised, cancelled or lapsed under the Share Option Scheme.

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

There were no other significant events affecting the Company nor any of its subsidiaries after the reporting period as at 31 January 2023 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 2023 and is of the opinion that such statements comply with the applicable accounting standards, the Rules ("Listing Rules") Governing the Listing of Securities on The Stock Exchange and the requirements of applicable laws, codes and regulations and that adequate disclosure pursuant thereto have been made.

Other Information

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

As at 31 January 2023, 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	361,898,283 ordinary shares (L) (Note 3)	9.41%
Gan Sem Yam	The Company	Beneficial owner	44,671,395 Shares (L)	1.94%
	VSHK	Beneficial owner	3,750,000 non-voting deferred shares of HK\$1 each (L)	5.00%
	VS Berhad	Beneficial owner	197,129,298 ordinary shares (L) (Note 4)	5.13%

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
Zhang Pei Yu	The Company	Beneficial owner	2,000 Shares (L)	0.00%
Beh Chern Wei	The Company	Beneficial owner	37,111,960 Shares (L)	1.61%
	VSHK	Beneficial owner	1,250,000 non-voting deferred shares of HK\$1 each (L)	1.67%
	VS Berhad	Beneficial owner	141,820,800 ordinary shares (L) (Note 5)	3.69%
Diong Tai Pew	The Company	Beneficial owner	1,766,411 Shares (L)	0.08%
	VS Berhad	Beneficial owner	490,400 ordinary shares (L) (Note 6)	0.01%
Tang Sim Cheow	The Company	Beneficial owner	639,130 Shares (L)	0.03%

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

Notes:

1. Mr. Beh Kim Ling is the brother-in-law of Mr. Gan Sem Yam. Mr. Beh Chern Wei is the son of Mr. Beh Kim Ling and the nephew of Mr. Gan Sem Yam.
2. The letter "L" represents the Director's long position interest in the shares and underlying shares of the Company or its associated corporations.
3. 1,320,000 of these shares would be allotted and issued upon exercise in full of the outstanding share options granted by VS Berhad at the exercise price of RM0.45 per share during a period of 5 years from 2 July 2020 to 11 May 2025. 1,620,000 of these shares would be allotted and issued upon exercise in full of the outstanding share options granted by VS Berhad at the exercise price RM0.87 per share during a period of 3 years from 17 May 2022 to 11 May 2025. 64,451,397 of these shares would be allotted and issued upon exercise in full of the warrants granted by VS Berhad at an initial exercise price of RM1.38 per share (subject to adjustments) during a period of 3 years from 15 June 2021 to 14 June 2024.
4. 1,320,000 of these shares would be allotted and issued upon exercise in full of the outstanding share options granted by VS Berhad at the exercise price of RM0.45 per share during a period of 5 years from 2 July 2020 to 11 May 2025. 1,320,000 of these shares would be allotted and issued upon exercise in full of the outstanding share options granted by VS Berhad at the exercise price RM0.87 per share during a period of 3 years from 17 May 2022 to 11 May 2025. 24,386,544 of these shares would be allotted and issued upon exercise in full of the warrants granted by VS Berhad at an initial exercise price of RM1.38 per share (subject to adjustments) during a period of 3 years from 15 June 2021 to 14 June 2024.
5. 400,000 of these shares would be allotted and issued upon exercise in full of the outstanding share options granted by VS Berhad at the exercise price of RM0.45 per share during a period of 5 years from 2 July 2020 to 11 May 2025. 19,970,150 of these shares would be allotted and issued upon exercise in full of the warrants granted by VS Berhad at an initial exercise price of RM1.38 per share (subject to adjustments) during a period of 3 years from 15 June 2021 to 14 June 2024.
6. 290,400 of these shares would be allotted and issued upon exercise in full of the warrants granted by VS Berhad at an initial exercise price of RM1.38 per share (subject to adjustments) during a period of 3 years from 15 June 2021 to 14 June 2024.

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 2023 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 20 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 2023, 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.

Other Information

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 14 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. Gan Sem Yam are the Chairman and the Managing Director of the Company respectively. Mr. Beh Kim Ling, in addition to his duties as the Chairman of the Company, is also responsible for the strategic planning and overseeing all aspects of the Group’s operations. This constitutes a deviation from Code Provision 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 10 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 10 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 10 to the Listing Rules throughout the six months period ended 31 January 2023.

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

Johor Bahru, Malaysia
21 March 2023