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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 JANUARY 2024

INTRODUCTION

The board (“**Board**”) of directors (“**Directors**”) of V.S. International Group Limited (“**Company**”) would like to announce the unaudited consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the six months ended 31 January 2024, which have 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
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue		36,684	35,830
Cost of sales		<u>(33,223)</u>	<u>(32,239)</u>
Gross profit		3,461	3,591
Other income – net		4,298	2,385
Other gains – net	3	509	2,237
Distribution costs		(676)	(954)
General and administrative expenses		(24,798)	(15,426)
Reversal of impairment loss on financial assets		<u>44</u>	<u>1</u>
Operating loss		(17,162)	(8,166)
Finance costs – net	4(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		<u>9,179</u>	<u>–</u>
Loss before income tax	4	(5,830)	(8,343)
Income tax expenses	5	<u>(349)</u>	<u>(54)</u>
Loss for the period attributable to owners of the Company		<u>(6,179)</u>	<u>(8,397)</u>
Loss per share attributable to owners of the Company during the period (Renminbi cents)			
Basic and diluted	7	<u>(0.27)</u>	<u>(0.36)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 January 2024

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

		Unaudited	Audited
		At 31 January	At 31 July
		2024	2023
	<i>Note</i>	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		<u>781</u>	<u>920</u>
		<u>781</u>	<u>920</u>
Current liabilities			
Trade and other payables	9	6,385	15,948
Loans from a director		29,740	35,108
Amounts due to related parties		<u>458</u>	<u>429</u>
		<u>36,583</u>	<u>51,485</u>
Total liabilities		<u>37,364</u>	<u>52,405</u>
Total equity and liabilities		<u>310,487</u>	<u>331,707</u>

Notes:

1 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.

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

These new standards 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.

2 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

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	
	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
	<u>36,684</u>	<u>35,830</u>
Timing of revenue recognition		
At a point in time	36,684	33,674
Over time	<u>-</u>	<u>2,156</u>
	<u>36,684</u>	<u>35,830</u>

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

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

	Unaudited	
	Six months ended 31 January	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue		
Reportable segment revenue	<u>36,684</u>	<u>35,830</u>
Consolidated revenue	<u>36,684</u>	<u>35,830</u>

	Unaudited	
	Six months ended 31 January	
	2024	2023
	RMB'000	RMB'000
Profit or loss		
Reportable segment profit	699	327
Finance costs – net (<i>Note 4(a)</i>)	(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	<u>(5,830)</u>	<u>(8,343)</u>
	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	<u>310,487</u>	<u>331,707</u>
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	<u>37,364</u>	<u>52,405</u>

(c) **Revenue by geographical locations**

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

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

3 OTHER GAINS – NET

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

4 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
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income from bank deposits	(571)	(493)
Interest on loans from a director	789	909
Other finance charges	54	48
	<u>843</u>	<u>957</u>
Finance costs – net	<u>272</u>	<u>464</u>

(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

5 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)
	<u>(349)</u>	<u>(54)</u>

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 People's Republic of China ("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 and the British Virgin Islands.

6 DIVIDENDS

(i) 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 periods ended 31 January 2024 and 2023.

(ii) 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.

7 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 (<i>RMB'000</i>)	<u>(6,179)</u>	<u>(8,397)</u>
Weighted average number of ordinary shares in issue (<i>'000</i>)	<u>2,307,513</u>	<u>2,307,513</u>
Basic and diluted loss per share (<i>RMB cents</i>)	<u>(0.27)</u>	<u>(0.36)</u>

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.

8 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

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 <i>RMB'000</i>
Up to 3 months	–	11,845
3 to 6 months	–	501
	<u>–</u>	<u>12,346</u>

Credit terms granted by the Group to customers generally range from 30 to 120 days. The Group does not hold any collaterals from customer.

9 TRADE AND OTHER PAYABLES

	Unaudited At 31 January 2024 RMB'000	Audited At 31 July 2023 <i>RMB'000</i>
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
	<u>6,385</u>	<u>15,948</u>

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

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

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 an existing 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.

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.

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	
	<i>RMB million</i>	<i>%</i>	<i>RMB million</i>	<i>%</i>
Within one year	<u>29.74</u>	<u>100.00</u>	<u>35.11</u>	<u>100.00</u>
Loans from a director	<u>29.74</u>	<u>100.00</u>	<u>35.11</u>	<u>100.00</u>
Cash and cash equivalents	<u>(77.77)</u>		<u>(85.46)</u>	
Net cash and cash equivalents	<u>(48.03)</u>		<u>(50.35)</u>	

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.

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\$69.00 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 the Target Company through V.S. Holding and the Target Company 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.

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.

DIVIDENDS

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

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.

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.

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 results announcement.

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

List of all Directors as at the date of this announcement:

Executive Directors:

Mr. Beh Kim Ling
Mr. Beh Chern Wei
Mr. Zhang Pei Yu (*Ms. Beh Hwee Sze*
as his alternate)

Independent non-executive Directors:

Mr. Tang Sim Cheow
Ms. Fu Xiao Nan
Mr. Wan Mohd Fadzmi