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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)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO THE PROPOSED DISPOSAL OF 100% EQUITY INTEREST IN A SUBSIDIARY**

#### **THE DISPOSAL**

The Board announces that on 19 July 2018 (after trading hours), the Vendors, each being a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the entire equity interest in the Target Company at a total consideration of RMB27.00 million (equivalent to approximately HK\$31.86 million). Upon Completion, the Target Company will cease to be a subsidiary of the Company.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in relation to the Disposal are more than 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**The Disposal is conditional and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

The Board announces that on 19 July 2018 (after trading hours), the Vendors, each being a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the entire equity interest in the Target Company.

## THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are as follows:

**Date:** 19 July 2018 (after trading hours)

**Vendors:** (i) V.S. Industry Holding Limited;  
(ii) Haivs Industry (Qingdao) Co., Ltd.\* (海士茂電子塑膠(青島)有限公司); and  
(iii) Qingdao GP Precision Mold Co., Ltd.\* (青島偉立精密模具有限公司)

**Purchaser:** Qingdao LET Flexitank Co., Ltd (青島利德液袋有限公司)

### Subject matter

As at the date of this announcement, the Target Company was owned as to 65% and 35% by VS Industry and Haivs Industry respectively. Pursuant to the Sale and Purchase Agreement, upon the transfer of 65% equity interest in the Target Company by VS Industry to Qingdao GP Precision, the Target Company will carry out a reduction in its registered capital by each of Haivs Industry and Qingdao GP Precision on a non-pro rata basis. Upon the reduction in registered capital of the Target Company, the assets of the Target Company will mainly comprise the land use right of approximately 24,270 square metres located in Qingdao Export Processing Zone, the PRC and the factory thereon. Each of Haivs Industry and Qingdao GP Precision will sell all of their then interest in the Target Company to the Purchaser.

### Consideration

The Consideration shall be RMB27.00 million (equivalent to approximately HK\$31.86 million), of which RMB20.30 million (equivalent to approximately HK\$23.95 million) and RMB6.70 million (equivalent to approximately HK\$7.91 million) shall be paid by the Purchaser to each of Haivs Industry and Qingdao GP Precision, respectively.

The Consideration was determined and agreed between the parties after arm's length negotiations and taking into account the pro forma financial statements of the Target Company as at 30 June 2018 after reduction of its registered capital, which is approximately RMB23.59 million (equivalent to approximately HK\$27.84 million).

#### 1. Deposit

The Purchaser will pay a deposit of RMB2.70 million (equivalent to approximately HK\$3.19 million) to Haivs Industry within five days from the date of the Sale and Purchase Agreement, which will be used to set off against the consideration to be paid to Haivs Industry at Completion.

In the event the Purchaser terminates the Sale and Purchase Agreement unilaterally without any justification, the Deposit shall not be refundable. In the event the Vendors unilaterally terminate the Sale and Purchase Agreement without any justification, the Vendors shall refund the Deposit to the Purchaser and shall also pay an additional sum which equals the amount of the Deposit to the Purchaser.

## *2. Remaining balance of the Consideration*

The remaining balance of the Consideration shall be paid by the Purchaser within two days upon Completion, of which RMB20.30 million (equivalent to approximately HK\$23.95 million) and RMB6.70 million (equivalent to approximately HK\$7.91 million) shall be paid to each of Haivs Industry and Qingdao GP Precision respectively.

## **Conditions precedent**

The Sale and Purchase Agreement is conditional upon:

- (i) the Company having obtained approval from the Board or the shareholders of the Company (if necessary) for the entering into of the Sale and Purchase Agreement, and announcing on the Stock Exchange;
- (ii) completion of the Reorganisation;
- (iii) reduction in the registered capital of the Target Company;
- (iv) valuation of the Target Company after the reduction in registered capital being not less than RMB27.00 million (equivalent to approximately HK\$31.86 million); and
- (v) there are no expenses or debts incurred out of the ordinary course of business in the audited financial statements of the Target Company after the reduction in registered capital.

## **Completion**

Completion shall take place upon (i) the fulfillment of the conditions precedent as stated above; and (ii) the due registration of the Disposal with the relevant industrial and commercial authorities, which shall take place within four months from the date of receiving the Deposit (the “**Registration Period**”). In the event the registration of the Disposal cannot be completed within the Registration Period, the Registration Period may be extended (so far as possible not to exceed two months).

Upon Completion, the Target Company will cease to be a subsidiary of the Company. Accordingly, the financial results of the Target Company will no longer be consolidated into the financial statements of the Company from the date of Completion.

## **INFORMATION OF THE PARTIES**

### **Information of the Company**

The Company is an investment holding company and the Group is principally engaged in the manufacturing and sale of plastic moulded products and parts, assembling of electronic products and mould design and fabrication.

### **Information of VS Industry**

VS Industry is an investment holding company incorporated in Hong Kong and is a direct wholly-owned subsidiary of the Company.

### **Information of Haivs Industry**

Haivs Industry is an indirect wholly-owned subsidiary of the Company established in the PRC and is currently an investment holding company.

### **Information of Qingdao GP Precision**

Qingdao GP Precision is an indirect wholly-owned subsidiary of the Company established in the PRC and is currently dormant.

### **Information of the Purchaser**

The Purchaser is a company established in the PRC and is principally engaged in the production of container flexitank, truck flexitank, railway flexitank and other fluid liquid product packing, as well as provision of supporting logistic solutions services.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owners is an Independent Third Party.

## **INFORMATION OF THE TARGET COMPANY**

The Target Company is a company established in the PRC with limited liability and is currently dormant. As at the date of this announcement and prior to the Reorganisation, the Target Company was owned as to 65% and 35% by VS Industry and Haivs Industry respectively.

The financial information of the Target Company for the two financial years ended 31 July 2017 is set out as follows:

**For the financial year ended 31 July**

	2016 (audited)	2017 (audited)
Net loss before tax	Approximately RMB3.84 million (equivalent to approximately HK\$4.53 million)	Approximately RMB2.29 million (equivalent to approximately HK\$2.70 million)
Net loss after tax	Approximately RMB3.84 million (equivalent to approximately HK\$4.53 million)	Approximately RMB2.29 million (equivalent to approximately HK\$2.70 million)

As at 30 June 2018, the Target Company had an unaudited net asset value of approximately RMB55.46 million (equivalent to approximately HK\$65.44 million).

**REASONS FOR THE DISPOSAL**

Reference is made to the announcement of the Company dated 10 November 2017. Upon the disposal of 90% equity interest in Qingdao GS Electronics Plastic Co., Ltd. by the Group, the Group has no major operations in Qingdao. As the Target Company is dormant and is located in Qingdao, the Directors consider that the Disposal could enable the Group to focus its internal resources on developing its higher value-added products and selling of its new original design manufacturer products in Zhuhai, the PRC.

Accordingly, the Board considers that the Disposal can enhance the value of the Shareholders and is in the interests of the Company and the Shareholders as a whole.

**FINANCIAL IMPACT OF THE DISPOSAL**

Based on the Consideration payable by the Purchaser, it is estimated that the Company will recognise a gain from the Disposal of approximately RMB3.41 million (equivalent to approximately HK\$4.02 million) (before tax and expenses and subject to audit), which is calculated by reference to the difference between the Consideration and the pro forma net asset value of the Target Company as at 30 June 2018 after reduction of registered capital. It is expected that the proceeds from the Disposal will be used as general working capital of the Group.

**IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in relation to the Disposal are more than 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**The Disposal is conditional and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

## **DEFINITIONS**

“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
“Completion”	completion of the sale and purchase of the entire equity interest in the Target Company pursuant to the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the sale of the entire equity interest in the Target Company pursuant to the Sale and Purchase Agreement, being RMB27.00 million (equivalent to approximately HK\$31.86 million)
“Deposit”	deposit of RMB2.70 million (equivalent to approximately HK\$3.19 million) to be paid by the Purchaser to the Haivs Industry pursuant to the Sale and Purchase Agreement
“Director(s)”	the directors of the Company
“Disposal”	the proposed disposal of 100% equity interest in the Target Company under the Sale and Purchase Agreement
“Group”	collectively, the Company and its subsidiaries from time to time
“Haivs Industry”	Haivs Industry (Qingdao) Co., Ltd.* (海士茂電子塑膠(青島)有限公司), a company established in the PRC with limited liability and is an indirect wholly owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person who is independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Qingdao LET Flexitank Co., Ltd (青島利德液袋有限公司), a company established in the PRC with limited liability and is an Independent Third Party as at the date of this announcement
“Qingdao GP Precision”	Qingdao GP Precision Mold Co., Ltd.* (青島偉立精密模具有限公司), a company established in the PRC with limited liability and is an indirect wholly owned subsidiary of the Company
“Reorganisation”	(i) the transferring of 65% equity interest in the Target Company from VS Industry to Qingdao GP Precision; and (ii) the changing of the Target Company from a sino-foreign joint venture enterprise to a domestic enterprise
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 19 July 2018 and entered into between the Purchaser and the Vendors in relation to the sale and purchase of the entire equity interest in the Target Company
“Shareholders”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Qingdao GP Electronic Plastics Co., Ltd.* (青島偉立精工塑膠有限公司), a company established in the PRC with limited liability and is owned as to 65% and 35% by VS Industry and Haivs Industry respectively prior to the Reorganisation
“Vendors”	VS Industry, Haivs Industry and Qingdao GP Precision
“VS Industry”	V.S. Industry Holding Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
“%”	per cent.

*For the purpose of this announcement, conversion of RMB into HK Dollars is based on the approximate exchange rate of RMB1.0 to HK\$1.18. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK Dollars or RMB have been, could have been or may be converted at such or any other rate or at all.*

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

Zhuhai, the People's Republic of China, 19 July 2018

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

\* *For identification purpose only*