

The background of the entire page is a vibrant digital graphic. It features a central bright light source from which numerous blue and white lines radiate outwards, creating a sense of depth and connectivity. The lines are interspersed with various digital symbols, including binary code (0s and 1s), a Wi-Fi signal icon, and a stylized globe. The overall color palette is dominated by deep blues and bright whites, with some orange and red highlights in the upper right quadrant, possibly representing a globe or a data visualization. The text is overlaid on this dynamic background.

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

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

INTERIM REPORT
2021/22

Table of Contents

	Page
Corporate Information	2
Introduction	4
Condensed Consolidated Income Statement	5
Condensed Consolidated Statement of Comprehensive Income	6
Condensed Consolidated Statement of Financial Position	7
Condensed Consolidated Statement of Changes in Equity	9
Condensed Consolidated Statement of Cash Flows	10
Notes to the Condensed Consolidated Interim Financial Information	11
Management Discussion and Analysis of Results of Operations	35
Future Prospects	37
Other Information	38

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
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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
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Haivs Industry (Qingdao) Co., Ltd.

Qianwangang Road South
Haier International Industrial Park
Qingdao Economic and Technology Development Zone
Huangdao District
266510 Qingdao
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The People's Republic of China
Tel. No: (86) 532 8676 2188
Fax No: (86) 532 8676 2233

Qingdao GP Precision Mold Co., Ltd.

Hetao Export Processing Zone
Chengyang District
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Shandong Province
The People's Republic of China
Tel. No: (86) 532 8792 3666
Fax No: (86) 532 8792 3660

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 2022, which has been reviewed by the audit committee (“Audit Committee”) of the Board.

Condensed Consolidated Income Statement

For the six months ended 31 January 2022

		Unaudited		
		Six months ended 31 January		
		2022	2021	
Note		RMB'000	RMB'000	
	Revenue	4	85,583	140,794
	Cost of sales		(75,382)	(111,591)
	Gross profit		10,201	29,203
	Other income – net		1,578	2,830
	Other gains/(losses) – net	5	370	(5,185)
	Distribution costs		(2,197)	(3,164)
	General and administrative expenses		(19,506)	(26,433)
	Reversal of/(provision for) impairment loss on financial assets		2	(217)
	Operating loss		(9,552)	(2,966)
	Finance costs – net	6(a)	(461)	(3,973)
	Share of net profit of an associate accounted for using the equity method		622	–
	Loss before income tax	6	(9,391)	(6,939)
	Income tax credit	7(a)	1,570	319
	Loss for the period attributable to owners of the Company		(7,821)	(6,620)
	Loss per share attributable to owners of the Company during the period (Renminbi cents)			
	Basic and diluted	8	(0.34)	(0.29)

The notes on pages 11 to 34 are an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 January 2022

	Unaudited	
	Six months ended 31 January	
	2022	2021
	RMB'000	RMB'000
Loss for the period	(7,821)	(6,620)
Other comprehensive income for the period	-	-
Total comprehensive loss for the period attributable to owners of the Company	(7,821)	(6,620)

The notes on pages 11 to 34 are an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Financial Position

At 31 January 2022

		Unaudited At 31 January 2022 RMB'000	Audited At 31 July 2021 RMB'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	10(a)	250,018	263,054
Right-of-use assets	10(b)	23,148	24,550
Financial asset at fair value through other comprehensive income	11	3,700	3,700
Investment accounted for using the equity method	14	5,988	5,366
Deferred income tax assets	7(b)	2,185	1,027
		285,039	297,697
Current assets			
Inventories	15	18,227	24,435
Contract assets	12	8,912	15,039
Trade and other receivables, deposits and prepayments	13	52,053	60,082
Amounts due from related parties	21(b)	1,388	3,072
Restricted bank balances	16	9,249	48,435
Cash and cash equivalents	17	50,327	43,196
		140,156	194,259
Total assets		425,195	491,956
EQUITY			
Capital and reserves			
Share capital	18	105,013	105,013
Share premium		306,364	306,364
Other deficits		(68,396)	(60,575)
Total equity attributable to owners of the Company		342,981	350,802

Condensed Consolidated Statement of Financial Position

At 31 January 2022

		Unaudited	Audited
		At 31 January	At 31 July
		2022	2021
	Note	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Loans from a director	21(d)	35,488	36,005
Deferred income tax liabilities	7(b)	2,325	2,823
		37,813	38,828
Current liabilities			
Trade and other payables	20	36,230	47,792
Amounts due to related parties	21(c)	376	633
Borrowings	19	7,768	53,625
Lease liabilities	10(b)	–	215
Tax payable		27	61
		44,401	102,326
Total liabilities		82,214	141,154
Total equity and liabilities		425,195	491,956

The notes on pages 11 to 34 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 2022

	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 2020	105,013	306,364	11,752	61,723	(4,198)	(123,940)	356,714
Comprehensive loss							
Loss for the period	-	-	-	-	-	(6,620)	(6,620)
Total comprehensive loss for the period	-	-	-	-	-	(6,620)	(6,620)
Appropriation	-	-	-	136	-	(136)	-
At 31 January 2021	105,013	306,364	11,752	61,859	(4,198)	(130,696)	350,094
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)
Appropriation	-	-	-	-	-	-	-
At 31 January 2022	105,013	306,364	11,752	61,995	(4,498)	(137,645)	342,981

The notes on pages 11 to 34 are an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 January 2022

	Note	Unaudited	
		Six months ended 31 January	
		2022	2021
		RMB'000	RMB'000
Cash flows generated from/(used in) operating activities			
Cash generated from/(used in) operations		14,506	(10,475)
Income tax paid		(120)	(223)
Net cash generated from/(used in) operating activities		14,386	(10,698)
Cash flows from investing activities			
Payments for the purchase of property, plant and equipment		(719)	(1,757)
Proceeds from disposal of property, plant and equipment and right-of-use assets		811	6,970
Interest received		996	389
Net cash generated from investing activities		1,088	5,602
Cash flows from financing activities			
Repayment of bank loans		(19,004)	(67,299)
Decrease in restricted bank balances		39,186	26,240
Proceeds from new bank loans		–	37,129
Net decrease in trust receipt loans		(26,853)	(27,815)
Principal and interest element of lease payment		(222)	(3,959)
Borrowing costs paid		(1,450)	(4,053)
Net cash used in financing activities		(8,343)	(39,757)
Net increase/(decrease) in cash and cash equivalents		7,131	(44,853)
Cash and cash equivalents at 1 August		43,196	94,187
Cash and cash equivalents at 31 January	17	50,327	49,334

The notes on pages 11 to 34 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 2022 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 24 March 2022.

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 2022 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 2021, 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 2021.

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 2021, except as mentioned below.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

(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 2021:

Standards	Subject of amendment
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phrase 2

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 2021 and have not been early adopted by the Group:

Standards	Subject of amendment	Effective for annual periods beginning on or after
HKAS 16 (Amendments)	Property, Plant and Equipment – Proceeds before intended uses	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	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
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 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.

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 2021.

There have been no changes in the risk management policies since 31 July 2021.

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 2022 and 31 July 2021.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 January 2022				
Financial assets at fair value through other comprehensive income	-	-	3,700	3,700
As at 31 July 2021				
Financial assets at fair value through other comprehensive income	-	-	3,700	3,700

There were no transfer of financial asset in the fair value hierarchy classifications for the period ended 31 January 2022.

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 investment accounted for using the equity method, financial asset at fair value through other comprehensive income, deferred income tax assets and unallocated head office and corporate assets. Segment liabilities include trade payables, accruals and lease liabilities 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	
	2022	2021
	RMB'000	RMB'000
Revenue		
Plastic injection and moulding	56,520	90,806
Assembling of electronic products	26,860	48,681
Mould design and fabrication	2,203	1,307
	85,583	140,794
Timing of revenue recognition		
At a point in time	68,083	99,250
Over time	17,500	41,544
	85,583	140,794

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	
	2022	2021	2022	2021	2022	2021	2022	2021
	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	56,520	90,806	26,860	48,681	2,203	1,307	85,583	140,794
Reportable segment result	12,082	22,523	(7,323)	4,776	830	228	5,589	27,527
Additions to non-current segment assets during the period	20	27	-	53	-	-	20	80
At 31 January/31 July:								
Reportable segment assets	182,485	191,348	27,089	43,589	15,799	19,120	225,373	254,057
Reportable segment liabilities	9,328	8,974	19,983	31,375	594	502	29,905	40,851

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	
	2022	2021
	RMB'000	RMB'000
Mainland China	61,729	86,077
Europe	13,841	31,356
Hong Kong	7,995	11,483
United States of America	1,521	6,681
South East Asia	497	5,197
	85,583	140,794

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 (2021: three) customers with whom transactions have individually exceeded 10% of the Group's aggregate revenue for the six months ended 31 January 2022.

Those customers individually contributed 35%, 31% and 19% of the Group's revenue (2021: 32%, 28% and 20%), respectively.

5 OTHER GAINS/(LOSSES) – NET

	Unaudited	
	Six months ended 31 January	
	2022	2021
	RMB'000	RMB'000
Net foreign exchange gain/(loss)	303	(2,921)
Gain/(loss) on disposal of property, plant and equipment and right-of-use assets	67	(2,264)
	370	(5,185)

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	
	2022	2021
	RMB'000	RMB'000
Interest income from bank deposits	(996)	(389)
Interest on bank borrowings	825	3,058
Interest on loans from a director	554	810
Interest expenses on lease liabilities	7	309
Less: borrowing costs capitalised as construction-in-progress	–	(27)
Other finance charges	71	212
	1,457	4,362
Finance costs – net	461	3,973

(b) Other items

	Unaudited	
	Six months ended 31 January	
	2022	2021
	RMB'000	RMB'000
Legal and professional fee	969	2,758
Cost of sales	75,382	111,591
Depreciation on property, plant and equipment	12,312	13,105
Depreciation on right-of-use assets	1,402	1,842
Expenses relating to short-term leases	802	857
(Reversal of provision)/provision for impairment loss on financial assets	(2)	217
Provision/(reversal of provision) for impairment of inventories	3,884	(1,639)

7 INCOME TAX CREDIT

(a) Income tax credit

	Unaudited	
	Six months ended 31 January	
	2022	2021
	RMB'000	RMB'000
Current income tax		
PRC corporate income tax	(86)	(196)
Deferred income tax		
Origination and reversal of temporary differences	1,656	515
	1,570	319

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 2022 and 2021.

The Group's subsidiaries established in the PRC are subject to a corporate income tax rate of 25%, except for two subsidiaries. One of which is fully exempt from corporate income tax for the first three years starting from 1 January 2015 to 31 December 2017 after obtaining the concession, following by a 50% tax exemption for the next three years. The other one subsidiary was certified as High and New Technology Enterprises and was entitled to a concessionary tax rate of 15% from 1 January 2018 to 31 December 2020. From 1 January 2021 onwards, the two subsidiaries were no longer entitled to re-apply for the preferential tax treatment and 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 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	
	2022	2021
	RMB'000	RMB'000
At beginning of the period	(2,823)	(2,847)
Credited to the income statement	498	774
At end of the period	(2,325)	(2,073)

Deferred income tax assets – provisions

	Unaudited	
	Six months ended 31 January	
	2022	2021
	RMB'000	RMB'000
At beginning of the period	1,027	1,143
Credited/(charged) to the income statement	1,158	(259)
At end of the period	2,185	884

8 LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company of RMB7,821,000 (2021: RMB6,620,000) 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	
	2022	2021
Loss attributable to owners of the Company (<i>RMB'000</i>)	(7,821)	(6,620)
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>)	(0.34)	(0.29)

For the six months ended 31 January 2022 and 2021, diluted loss per share equals to basic loss per share as there were no potential dilutive ordinary shares outstanding during the year.

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 2022 and 2021.

(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 2020	899,761
Additions	80
Disposals	(28,344)
At 31 January 2021	<u>871,497</u>
Accumulated depreciation and amortisation	
Opening balance at 1 August 2020	608,746
Charge for the period	13,105
Written back on disposals	(23,634)
Reversal of impairment	(250)
At 31 January 2021	<u>597,967</u>
Net book value	
At 31 January 2021 (Unaudited)	<u><u>273,530</u></u>
At 31 July 2020 (Audited)	<u><u>291,015</u></u>
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)
At 31 January 2022	<u>623,022</u>
Net book value	
At 31 January 2022 (Unaudited)	<u><u>250,018</u></u>
At 31 July 2021 (Audited)	<u><u>263,054</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 2022 RMB'000	Audited At 31 July 2021 RMB'000
Right-of-use assets		
Land use rights	12,340	12,542
Machineries	10,808	12,008
	23,148	24,550
Lease liabilities		
Current	-	215
	-	215

There was no addition to the right-of-use assets during the six months ended 31 January 2022.

(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 2022 RMB'000	2021 RMB'000
Depreciation of right-of-use assets	6(b)	1,402	1,842
Interest expenses on lease liabilities	6(a)	7	309
Expenses relating to short-term leases	6(b)	802	857
		2,211	3,008

The total cash outflow for leases for the six months ended 31 January 2022 was RMB1,024,000 (2021: RMB4,816,000).

As at 31 January 2022 and 31 July 2021, none of right-of-use assets, land use rights, property, plant and equipment have been pledged as security for its trade finances and bank loans.

11 FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

	Unaudited At 31 January 2022 RMB'000	Audited At 31 July 2021 RMB'000
At beginning of the period	3,700	4,000
Change in value on fair value through other comprehensive income	-	(300)
At end of the period	3,700	3,700

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 2022 RMB'000	Audited At 31 July 2021 RMB'000
Contract assets – gross	8,915	15,044
Less: Loss allowance	(3)	(5)
Contract assets – net	8,912	15,039

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 2022 RMB'000	Audited At 31 July 2021 RMB'000
Trade receivables	34,028	40,010
Less: Loss allowance	(300)	(325)
Trade receivables – net	33,728	39,685
Other receivables, deposits and prepayments – net	18,325	20,397
Total trade and other receivables, deposits and prepayments (current)	52,053	60,082

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

	Unaudited At 31 January 2022 RMB'000	Audited At 31 July 2021 RMB'000
Up to 3 months	33,602	39,180
3 to 6 months	101	505
Over 6 months	325	325
	34,028	40,010

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 2022 RMB'000	Audited At 31 July 2021 RMB'000
At beginning of period	5,366	–
Gain on deemed disposal	–	919
Share of profit of an associate	622	4,447
At end of the period	5,988	5,366

The particulars of the Group's associate as at 31 January 2022 and 31 July 2021 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
				2022	2021	
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
	2022	2021
	RMB'000	RMB'000
Raw materials	11,075	17,511
Work-in-progress	1,558	1,077
Finished goods	17,839	14,208
Inventories – gross	30,472	32,796
Provision for impairment	(12,245)	(8,361)
Inventories-net	18,227	24,435

16 RESTRICTED BANK BALANCES

	Unaudited	Audited
	At 31 January	At 31 July
	2022	2021
	RMB'000	RMB'000
Pledged deposits with banks (Note (a))	8,249	47,435
Other restricted bank balance (Note (b))	1,000	1,000
	9,249	48,435

Note:

- (a) The deposits are pledged to banks as security for certain banking facilities, including trade finances and bank loans (note 19).

As at 31 January 2022, the interest rate of these pledged bank deposits ranged from 0.10% to 1.55% per annum (31 July 2021: 0.10% to 1.55% per annum).

- (b) As at 31 January 2022, bank balance of approximately RMB1,000,000 (31 July 2021: 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 2022 RMB'000	Audited At 31 July 2021 RMB'000
Cash and cash equivalents	50,327	43,196

18 SHARE CAPITAL

Authorised and issued share capital

	Unaudited At 31 January 2022		Audited At 31 July 2021	
	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 2020, 31 July 2021 and 31 January 2022	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 BORROWINGS

	Unaudited At 31 January 2022 RMB'000	Audited At 31 July 2021 RMB'000
Current		
Short-term bank borrowings, secured	2,872	21,876
Trust receipts bank loans, secured	4,896	31,749
Total borrowings	7,768	53,625

Certain banking facilities, including trade finance and bank loans, are secured by the following assets of the Group:

	Unaudited At 31 January 2022 RMB'000	Audited At 31 July 2021 RMB'000
Trade receivables	6,823	16,824
Restricted bank deposits	8,249	47,435
	15,072	64,259

The Group's secured banking facilities, including trade finance and bank loans, totalling RMB76,495,000 (31 July 2021: RMB77,522,000), were utilised to the extent of RMB7,768,000 (31 July 2021: RMB53,625,000). There were no unsecured banking facilities as at 31 January 2022 and 31 July 2021.

Notes to the Condensed Consolidated Interim Financial Information

20 TRADE AND OTHER PAYABLES

	Unaudited At 31 January 2022 RMB'000	Audited At 31 July 2021 RMB'000
Trade payables	15,316	22,702
Accrued expenses and other payables	12,457	17,052
Payables for the purchase of property, plant and equipment	38	38
Contract liabilities (Note)	8,294	7,875
Deposits received	125	125
Trade and other payables	36,230	47,792

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 2022 RMB'000	Audited At 31 July 2021 RMB'000
Less than 1 month	6,049	7,948
1 to 3 months	7,301	7,328
More than 3 months	1,966	7,426
	15,316	22,702

21 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 2022, the Group entered into the following significant related party transactions:

	Unaudited	
	Six months ended 31 January	
	2022	2021
	RMB'000	RMB'000
Sales of goods to an associate	689	–
Sales of machineries to the ultimate holding company	–	1,405
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
Sub-contracting fee paid and payable to a company controlled by a family member of a director	–	819
Repair and maintenance services paid and payable to a company controlled by a family member of a director	237	72

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

21 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Unaudited At 31 January 2022 RMB'000	Audited At 31 July 2021 RMB'000
Amount due from a company controlled by a director	421	339
Amount due from a company controlled by a family member of a director	150	–
Amount due from the ultimate holding company	128	995
Amount due from an associate (Note)	689	1,738
	1,388	3,072

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

Note:

As at 31 January 2022 and 31 July 2021, 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 2022 RMB'000	Audited At 31 July 2021 RMB'000
Up to 3 months	689	1,738

Notes to the Condensed Consolidated Interim Financial Information

21 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Unaudited At 31 January 2022 RMB'000	Audited At 31 July 2021 RMB'000
Amounts due to directors	366	473
Amounts due to companies controlled by the family member of a director	–	160
Amount due from the ultimate holding company	10	–
	376	633

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 3.0% per annum and due for repayment on 21 March 2023. The carrying amount of the loans from a director approximated its fair value and were denominated in US\$ and HK\$.

	Unaudited At 31 January 2022 RMB'000	Audited At 31 July 2021 RMB'000
US\$	19,124	19,381
HK\$	16,364	16,624
	35,488	36,005

Management Discussion and Analysis of Results of Operations

OVERVIEW

During the period, the Group continued to implement its strategies to focus on higher value-added products.

FINANCIAL REVIEW

The Group recorded a revenue of RMB85.58 million, representing a decrease of RMB55.21 million or 39.21% as compared to RMB140.79 million for the corresponding period in 2021. Gross profit for the period decreased from RMB29.20 million for the corresponding period in 2021 to RMB10.20 million. The gross profit margin dropped from 20.74% to 11.92%.

The Group's operating expenses, composed of distribution costs and general and administrative expenses, decreased from RMB29.59 million to RMB21.70 million, a decrease of RMB7.89 million as compared to the corresponding period in 2021. The Group recorded a loss of RMB7.82 million as compared to RMB6.62 million in the corresponding period ended 31 January 2021.

Plastic injection and moulding business

The Group recorded a revenue of RMB56.52 million for this segment, representing a decrease of RMB34.28 million or 37.75% as compared to RMB90.80 million for the corresponding period in 2021 due to the decrease in the sales orders by the existing customers.

Assembling of electronic products business

This segment recorded a revenue of RMB26.86 million, representing a decrease of RMB21.82 million or 44.82% from RMB48.68 million for the corresponding period in 2021. The drop in revenue was mainly due to a drop in the amount of orders placed by a customer.

Mould design and fabrication business

The mould design and fabrication segment recorded a revenue of RMB2.20 million, representing a significant increase of RMB0.89 million or 67.94% as compared to RMB1.31 million for the corresponding period in 2021 due to the increase in the sales orders by the existing customers.

Distribution costs

Distribution costs amounted to RMB2.20 million, representing a decrease of RMB0.96 million or 30.38% as compared to RMB3.16 million in the corresponding period ended 31 January 2021. 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 RMB19.50 million, representing a decrease of RMB6.93 million or 26.22% as compared to RMB26.43 million for the corresponding period in 2021. The decrease was primarily due to lower human resources expenses of RMB4.88 million during the period.

Other gains/(losses) – net

During the period, the Group recorded other net gains of RMB0.37 million as compared to net losses of RMB5.18 million for the corresponding period in 2021, which comprised mainly net gain on disposal of property, plant and equipment and right-of-use assets of RMB0.07 million and net foreign exchange gain of RMB0.30 million.

Finance costs – net

The net finance costs for the period decreased by 88.41% or RMB3.51 million from RMB3.97 million for the corresponding period in 2021 to RMB0.46 million. The significant decrease was mainly due to lower interest-bearing borrowings during the period.

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 RMB0.62 million (2021: nil) 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 2022 (2021: nil).



Future Prospects

The global economy is facing with unprecedented situation due to the outbreak of COVID-19 pandemic in early January 2020 resulting in restrictions on travelling imposed by various countries and reduction in economic activities. The pandemic has hit various industries and created significant uncertainty in the global business environment.

In addition, recent political conflict between Russia and Ukraine resulting in higher world fuel prices will contribute to an inflationary spiral that poses a downturn to world economies. This affects raw material prices and chemical products costs which are expected to rise in the future. Moreover, higher fuel costs mean higher transportation costs at each step of the wholesale, production, distribution and retail process.

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 will be able to improve its operational flexibility, reduce its debts and minimise the adverse impact of the pandemic 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, bank borrowings, loans from a director and lease liabilities. As at 31 January 2022, the Group had cash and cash equivalents and restricted bank balances of RMB59.58 million (31 July 2021: RMB91.63 million), of which RMB8.25 million (31 July 2021: RMB47.44 million) was pledged to banks for the facilities granted to the Group. 56.62%, 41.90% and 1.48% 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 2022, the Group had outstanding interest-bearing borrowings including lease liabilities and loans from a director of RMB43.26 million (31 July 2021: RMB89.85 million). The total borrowings including lease liabilities and loans from a director were denominated in USD (19.66%), RMB (63.44%) and HK\$ (16.90%), and the maturity profile is as follows:

	As at 31 January 2022		As at 31 July 2021	
	RMB million (Unaudited)	%	RMB million (Audited)	%
Repayable				
Within one year	7.77	17.96	53.84	59.92
After one year but within two years	35.49	82.04	36.01	40.08
Total borrowings including lease liabilities and loans from a director	43.26	100.00	89.85	100.00
Cash and cash equivalents and restricted bank balances	(59.58)		(91.63)	
Net cash and cash equivalents and restricted bank balances	16.32		1.78	

As at 31 January 2022, the Group’s net current assets were RMB95.76 million (31 July 2021: RMB91.93 million). As at 31 January 2022, the Group has undrawn bank facilities of RMB68.73 million for working capital purposes. The Board is confident that the Group has sufficient operational cash flow to support its working capital requirements.

Gearing ratio is calculated based on net borrowings including lease liabilities and loans from a director at the end of the period divided by total assets at the end of the period multiplied by 100%. Accordingly, the gearing ratio of the Group as at 31 January 2022 was not applicable (31 July 2021: N/A).

CHARGES ON GROUP ASSETS

As at 31 January 2022, certain assets of the Group with an aggregate carrying value of RMB15.07 million (31 July 2021: RMB64.26 million) 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 2022.

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 RMB0.30 million (2021: net loss of RMB2.92 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 2022, 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 RMB1,977,000 lower/higher (2021: post-tax loss for the period would have been approximately RMB1,324,000 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.

FOREIGN EXCHANGE EXPOSURE (CONTINUED)

As at 31 January 2022, 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 RMB299,000 higher/lower (2021: post-tax loss for the period would have been approximately RMB672,000 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 2022, the Group had a total of 362 employees (31 July 2021: 490). 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 RMB22.04 million (2021: RMB34.58 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 Group has adopted a provident fund scheme for its employees in Hong Kong in accordance with the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). The Group is contributing mandatory government pension scheme for its employees in the PRC.

As a public listed entity, the Group has adopted a share option scheme to provide incentives to eligible directors and employees of the Group to promote the Group's success. For the six months ended 31 January 2022, no share option was granted, exercised, cancelled or lapsed pursuant to the Group's 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 2022 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 2022 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.

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

As at 31 January 2022, 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%
	V.S. Industry Berhad ("VS Berhad")	Beneficial owner	340,528,383 ordinary shares (L) (Note 3)	8.92%
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	194,429,298 ordinary shares (L) (Note 4)	5.09%

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	166,707,300 ordinary shares (L) (Note 5)	4.37%
Diong Tai Pew	The Company	Beneficial owner	1,766,411 Shares (L)	0.08%
Tang Sim Cheow	The Company	Beneficial owner	639,130 Shares (L)	0.03%

Notes:

- 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.
- The letter "L" represents the Director's long position interest in the shares and underlying shares of the Company or its associated corporations.
- 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. 61,451,397 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.
- 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. 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.
- 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. 36,090,150 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.

* VS Berhad completed its bonus issue exercise on 19 May 2021 and the option exercise price has been adjusted accordingly.

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

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 2022 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 21 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 2022, 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 A.2.1 in respect of segregation of the roles of chairman and chief executive officer.

According to Code Provision A.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 A.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 2022.

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

Johor Bahru, Malaysia
24 March 2022