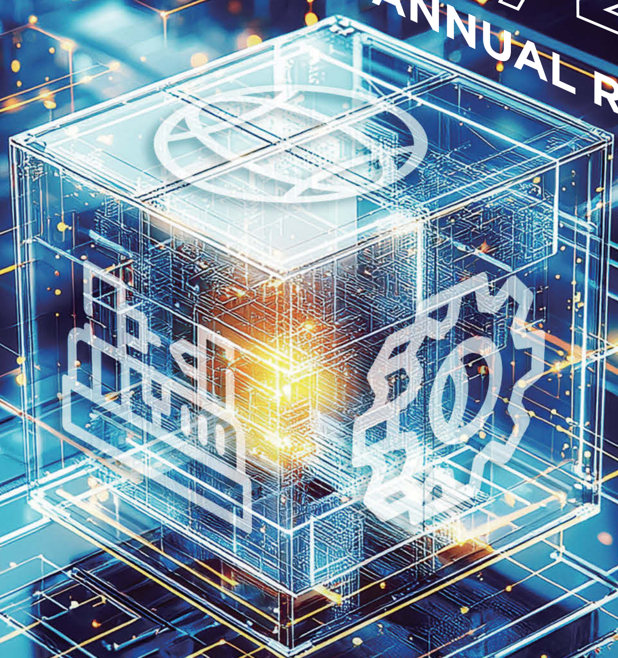
2023/24 ANNUAL REPORT



V.S. International Group Limited
威鋮國際集團有限公司

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

Contents

Corporate Profile

V.S. International Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in the manufacturing and sale of plastic moulded products and parts, assembling of electronic products and moulds design and fabrication.

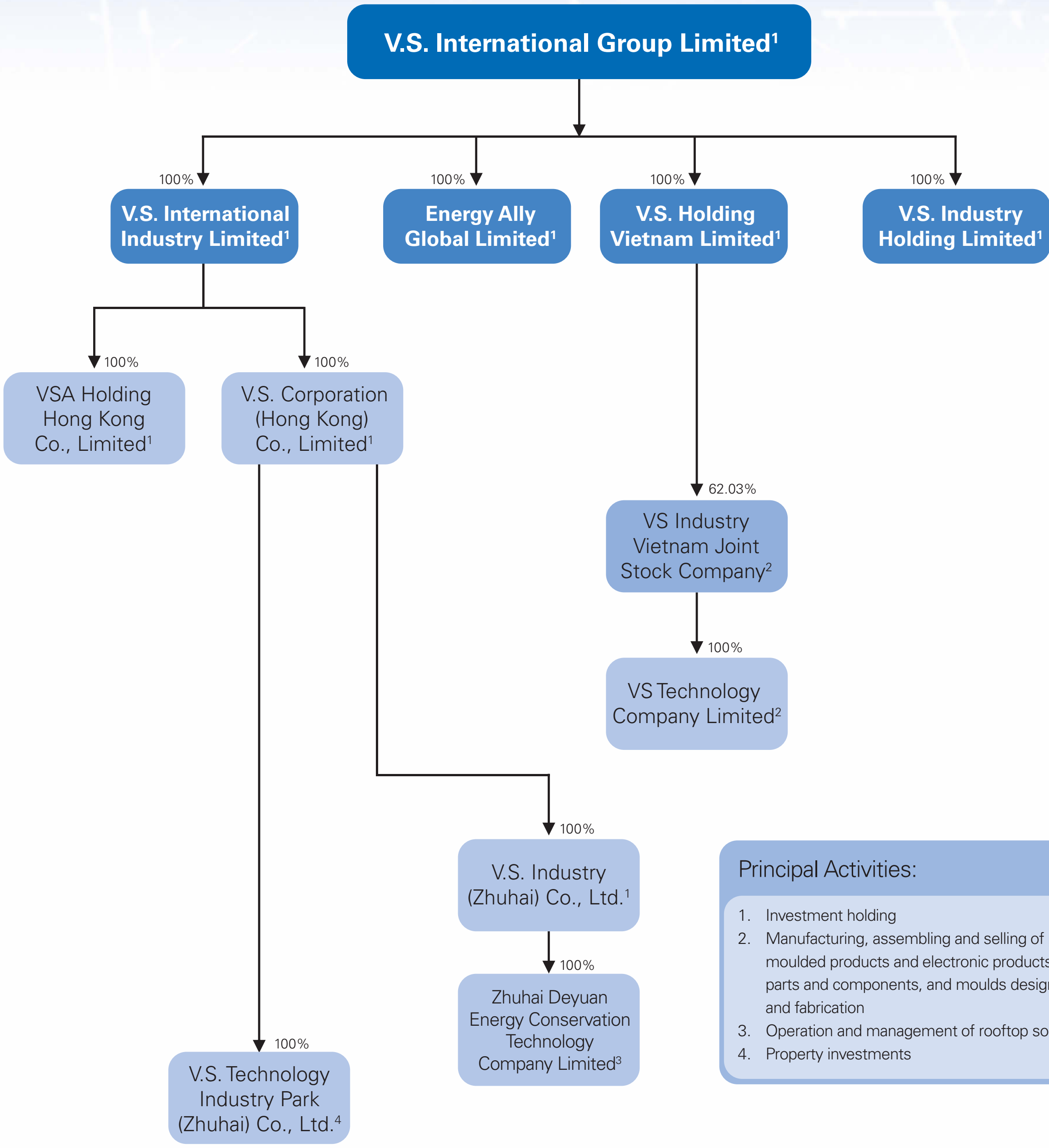
The Group commenced its business in 1997 in Shenzhen, the People's Republic of China ("PRC") and was listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") in February 2002.

The Group's main production facility is located at Hanoi in Vietnam.

The Group is a leading integrated electronics manufacturing services ("EMS") provider, and together with its holding company, 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, has become one of the world's top 50 EMS providers.

Corporate Structure

As of 20 March 2025



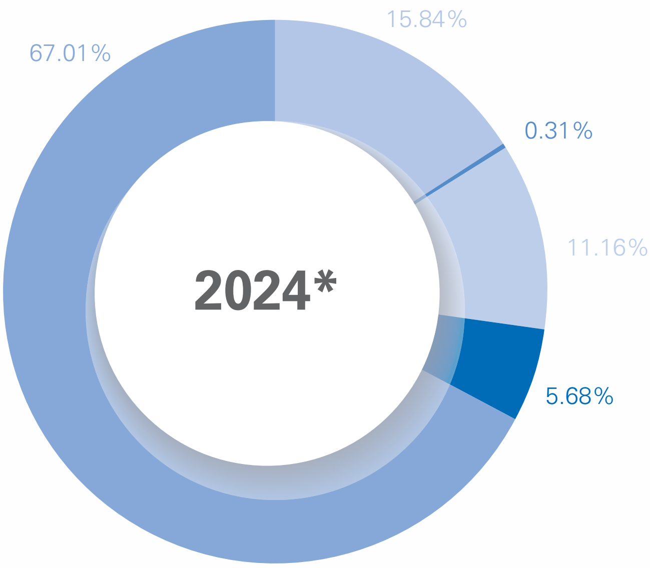
Principal Activities:

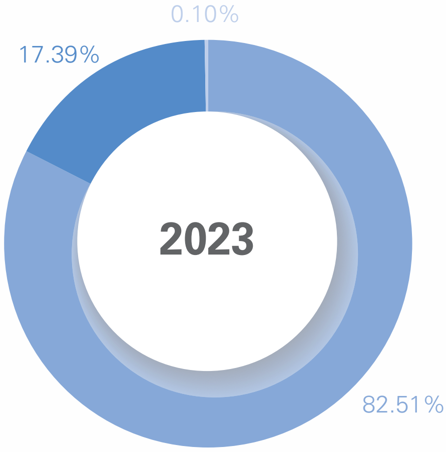
1. Investment holding
2. Manufacturing, assembling and selling of plastic moulded products and electronic products, parts and components, and moulds design and fabrication
3. Operation and management of rooftop solar plant
4. Property investments

Financial Highlights

Key Financial Data	2024*	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total equity attributable to owners	511,455	279,302	301,955	350,802	356,714
Total assets	876,267	331,707	368,536	491,956	629,340
Total liabilities	299,080	52,405	66,581	141,154	272,626
Net borrowings/(cash)	49,133	(50,349)	(37,193)	(1,786)	7,838
Capital expenditure	8,699	–	257	546	7,345
Gearing ratio (net) (%)	8.76%	N/A	N/A	N/A	1.25%
Finance costs over turnover (%)	1.50%	1.19%	1.83%	2.43%	2.30%

Sales Breakdown by Geographical Locations

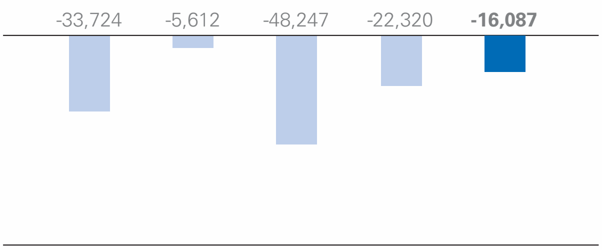




Mainland China
Hong Kong
South East Asia
Europe
United States of America

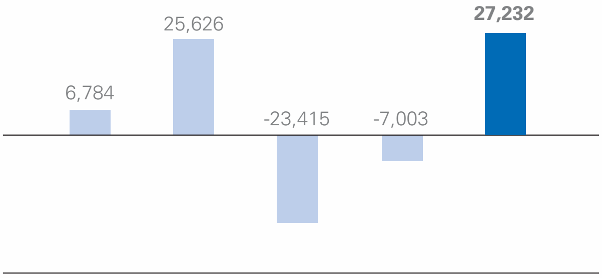
* For the seventeen months period ended 31 December 2024

Loss Attributable to Owners (RMB'000)

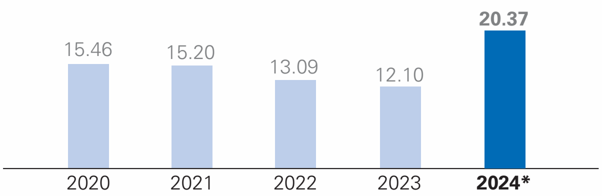


EBITDA (RMB'000)

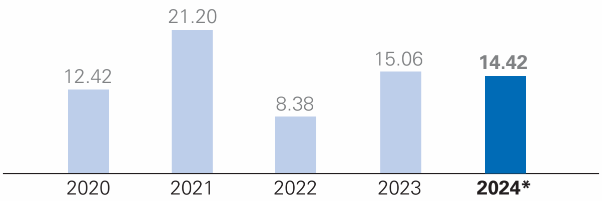
(Earnings/(loss) before interest, tax, depreciation and amortisation)



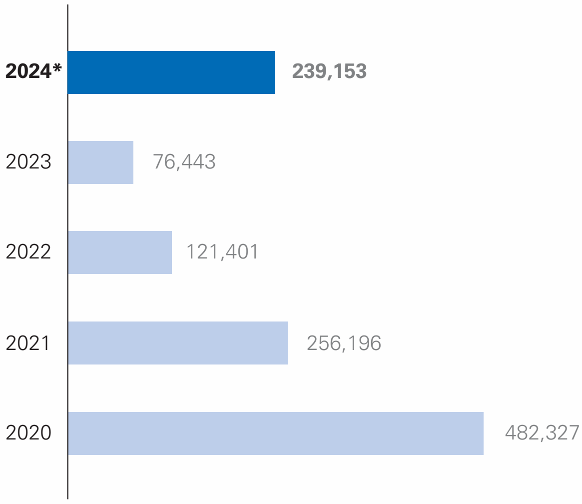
Net Tangible Assets Per Share (RMB cents)



Gross Profit Margin (%)



Sales Breakdown by Business Segments (RMB'000)



(RMB'000)	2024*	2023	2022	2021	2020
Plastic injection and moulding	**114,397**	52,247	88,911	154,099	158,115
Assembling of electronic products	**120,611**	20,026	29,430	95,732	301,160
Mould design and fabrication	**4,145**	4,170	3,060	6,365	23,052

* For the seventeen months period ended 31 December 2024

Chairman's Statement

Dear Shareholders

On behalf of the board ("Board") of directors ("Directors"), I hereby present the Company's annual report ("Annual Report") together with the consolidated financial statements of the Group for the seventeen months period ended 31 December 2024.

BUSINESS REVIEW

During the seventeen months period ended 31 December 2024, the Group continued to implement its strategies to focus on costs control.

FINANCIAL HIGHLIGHTS

The Group's revenue for the seventeen months period ended 31 December 2024 was RMB239.15 million as compared to RMB76.44 million for the year ended 31 July 2023, representing an increase of 212.86%. The Group's gross profit increased from RMB11.51 million to RMB34.48 million and the gross profit margin dropped from 15.06% to 14.42%. Loss attributable to owners of the Company recorded at RMB16.09 million as compared to loss of RMB22.32 million for the year ended 31 July 2023.

DIVIDENDS

The Board does not recommend any payment of dividend for the seventeen months period ended 31 December 2024 (for the year ended 31 July 2023: Nil) at the forthcoming annual general meeting of the Company. The Company is not aware of any arrangement under which a shareholder has waived or agreed to waive any dividends.

FUTURE PROSPECTS AND CHALLENGES

The Group will continue to streamline its operation and formulate a stronger financial position 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. In addition, the Group is looking into way to lease of the existing-investment properties.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I would like to express my sincere appreciation and gratitude to the Company's shareholders, bankers, customers, suppliers, business associates and regulatory authorities for their confidence and continuous support to the Group. I also wish to take this opportunity to thank my fellow directors, the management team, staff and employees for their full commitment, loyalty and dedication to the Group, which enabled us to overcome the challenges encountered during the period.

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

Management Discussion and Analysis of Results of Operations

OVERVIEW

During the financial period, the Group acquired approximately 43.29% equity interest in VS Industry Vietnam Joint Stock Company ("VS Vietnam") (the "Acquisition"). Upon completion of the Acquisition, the Group owns approximately 62.03% of the issued share capital of VS Vietnam and the financial results of which were consolidated into the financial statements of the Group. VS Vietnam is principally engaged in the provision of manufacturing and selling of plastic injection and moulding, assembling of electronic products and mould design and fabrication in Vietnam. For further details, please refer to the Company's announcements dated 21 February 2024 and 15 July 2024, and the Company's circular dated 24 May 2024.

On 9 August 2024, the Company has resolved to change the financial year end date of the Company from 31 July to 31 December. Accordingly, the audited consolidated financial statements of the Company cover a period of seventeen months from 1 August 2023 to 31 December 2024, while the comparative figures cover a period of twelve months from 1 August 2022 to 31 July 2023, and hence are not directly comparable. The difference in duration of the two financial periods should be considered when making year-on-year comparisons.

FINANCIAL REVIEW

The Group recorded a revenue of RMB239.15 million for the seventeen months period ended 31 December 2024, representing an increase of RMB162.71 million or 212.86% as compared to RMB76.44 million for the year ended 31 July 2023. Gross profit for the period increased from RMB11.51 million for the year ended 31 July 2023 to RMB34.48 million. The gross profit margin dropped from 15.06% to 14.42%.

The Group's operating expenses, composed of distribution costs and general and administrative expenses, increased from RMB30.45 million to RMB72.15 million, an increase of RMB41.70 million as compared to the year ended 31 July 2023. The Group recorded a loss attributable to owners of the Company of RMB16.09 million as compared to RMB22.32 million for the year ended 31 July 2023.

Plastic injection and moulding business

The Group recorded a revenue of RMB114.40 million for this segment, representing an increase of RMB62.15 million or 118.95% as compared to RMB52.25 million for the year ended 31 July 2023 due to the consolidation of financial results of VS Vietnam from 16 July 2024 upon completion of the Acquisition.

Assembling of electronic products business

This segment recorded a revenue of RMB120.61 million, representing an increase of RMB100.59 million or 502.45% from RMB20.02 million for the year ended 31 July 2023 due to the consolidation of financial results of VS Vietnam from 16 July 2024 upon completion of the Acquisition.

Mould design and fabrication business

The mould design and fabrication segment recorded a revenue of RMB4.14 million, representing slight decrease of RMB0.03 million or 0.72% as compared to RMB4.17 million for the year ended 31 July 2023.

Distribution costs

Distribution costs amounted to RMB4.42 million, representing an increase of RMB2.76 million or 166.27% as compared to RMB1.66 million for the year ended 31 July 2023. The increase in distribution costs was mainly due to the increase in commission.

General and administrative expenses

General and administrative expenses amounted to RMB67.73 million, representing a significant increase of RMB38.94 million or 135.26% as compared to RMB28.79 million for the year ended 31 July 2023. The increase was primarily due to the increase in employee termination benefits of RMB7.42 million and legal and professional fee for the Acquisition of RMB3.46 million during the period.

Other losses – net

During the period, the Group recorded other net losses of RMB17.69 million as compared to RMB9.34 million for the year ended 31 July 2023, which comprised mainly net foreign exchange gains of RMB0.81 million, net gain on disposal of property, plant and equipment ("PPE") and right-of-use assets ("ROU") of RMB0.31 million and fair value gain on step acquisition on investment accounted for using the equity method of RMB2.27 million which were offset by a provision of impairment of RMB20.15 million on PPE, a provision of impairment of RMB0.52 million on ROU, and net loss on PPE and ROU written off of RMB0.41 million, which mainly included the costs of disposal and written off of PPE and ROU.

Finance costs – net

The net finance costs for the period amounted to RMB3.59 million (for the year ended 31 July 2023: RMB0.91 million). The increase was mainly due to higher interest-bearing borrowings during the seventeen months period ended 31 December 2024.

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 RMB4.09 million (for the year ended 31 July 2023: RMB2.40 million) was solely attributed to profit recorded from its associate, i.e. VS Vietnam, before completion of the Acquisition.

Reversal of impairment on investment accounted for using the equity method

During the period, VS Vietnam, an associate of the Company before completion of the Acquisition, recorded steady improvement of business performance. After considering the financial position of VS Vietnam and the likelihood of recovering the net investment in VS Vietnam as an associate, the management of the Group made a reversal of impairment of RMB9,179,000 against its carrying amount of this investment in associate.

Gain on bargain purchase

During the period, the Group completed the acquisition of VS Vietnam, the resulted gain on bargain purchase amounted to RMB47,475,000 represents the difference between the fair value of the consideration paid to the seller and the net identifiable assets in VS Vietnam.

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 December 2024, the Group had cash and cash equivalents and restricted bank balances of RMB66.83 million (31 July 2023: RMB85.46 million), of which RMB13.20 million (31 July 2023: nil) was pledged to banks for the facilities granted to the Group. 58.07%, 35.18% and 5.62% of cash and cash equivalents and restricted bank balances are denominated in United States dollars ("USD"), Renminbi ("RMB") and Vietnamese Dong ("VND"), respectively.

As at 31 December 2024, the Group had outstanding interest-bearing borrowings including lease liabilities and loans from a director of RMB115.96 million (31 July 2023: RMB35.11 million). The total borrowings including lease liabilities and loans from a director were denominated in USD (73.63%), VND (16.56%), HK$ (6.78%) and SGD (3.03%), and the maturity profile is as follows:

Repayable	**As at 31 December 2024 RMB million**	**%**	As at 31 July 2023 RMB million	%
Within one year	**81.33**	**70.14**	35.11	100.00
After one year but within two years	**28.12**	**24.25**	–	–
After two years but within five years	**6.51**	**5.61**	–	–
Total borrowings including lease liabilities and loans from a director	**115.96**	**100.00**	35.11	100.00
Cash and cash equivalents and restricted bank balances	**(66.83)**		(85.46)	
Net borrowings including lease liabilities and loans from a director/(cash and cash equivalents and restricted bank balances)	**49.13**		(50.35)	

As at 31 December 2024, the Group's net current assets were RMB47.25 million (31 July 2023: RMB69.20 million).

The gearing ratio is calculated as the Group's net borrowings at the end of the financial period divided by total capital at the end of the financial period. Net borrowings of the Group is calculated as its total borrowings including lease liabilities and loans from a director less cash and cash equivalents and restricted bank balances. Total capital is calculated as total equity attributable to owners of the Company plus net borrowings including lease liabilities and loans from a director. The gearing ratio of the Group was 8.76% as at 31 December 2024.

CAPITAL STRUCTURE

As at 31 December 2024, the Group's total equity attributable to owners of the Company was RMB511.46 million (31 July 2023: RMB279.30 million). Total assets of the Group amounted to RMB876.27 million (31 July 2023: RMB331.71 million), 21.43% (31 July 2023: 59.80%) of which comprised PPE and ROU.

CHARGES ON GROUP ASSETS

As at 31 December 2024, the Group's secured banking facilities, including trade finance, overdrafts and bank loans, totaling RMB117.14 million (31 July 2023: nil) were secured by (i) restricted bank balances of the Group of RMB13.20 million (31 July 2023: nil); (ii) the building of the Group, net book value of which amounted to RMB46.76 million (31 July 2023: nil); (iii) PPE of the Group, net book value of which amounted to RMB44.47 million (31 July 2023: nil); and (iv) land use rights of the Group, net book value of which amounted to RMB2.78 million (31 July 2023: nil).

INVESTMENT PROPERTIES

The following table sets out a summary of the Group's investment properties as at 31 December 2024:

Address	Description and tenure	Particulars of occupancy	Ownership interest of the Group as at 31 December 2024
Phases I, II, III, IV and VI of an industrial complex situated at Beisha Village, Tangjia Wan Town, Xiangzhou District, Zhuhai, Guangdong Province, the PRC (the "Property")	The Property comprises two nearby separate parcels of land with an industrial complex (designated as Phases I – IV on 272,886.01 sq.m. land) and two warehouses (designated as Phase VI on 43,612.28 sq.m. land). The Property has a total site area of 316,498.29 sq.m. The industrial complex (Phases I – IV) on Site 1 comprises 7 blocks of 2-storey workshop, 3 blocks of extension workshop, 2 blocks of single-storey warehouse, a single-storey canteen and other ancillary facilities. These buildings were completed in between 2001 and December 2004. There are also 2 blocks of single-storey workshop (Phase VI) erected on Site 2. The workshops were completed in September 2007. The Property has a total gross floor area of approximately 139,333.22 sq.m. (exclusive of areas of those ancillary facilities). The land use rights of the Property have been granted for terms due to expire on 20 February 2051 for industrial use.	The Property is a completed property available for leasing.	100%

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as the Acquisition disclosed above, the Group did not conduct any significant investments, material acquisitions or disposals during the financial period. 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.

SIGNIFICANT INVESTMENTS HELD

During the seventeen months ended 31 December 2024, the Group did not hold any significant investment in equity interest in any other company.

CONTINGENT LIABILITIES

The Group does not have any material contingent liabilities as at 31 December 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 RMB0.81 million (for the year ended 31 July 2023: RMB0.16 million) mainly due to the unrealised and realised foreign exchange gain.

Most of the Group's sales transactions are denominated in RMB, VND and USD and certain payments of the Group were made in RMB, VND and USD. In view of fluctuations of the RMB against the USD and VND during the period, the Group was exposed to foreign currency risk primarily in respect of trade receivables, cash and cash equivalents, borrowings and trade payables denominated in USD and VND.

As at 31 December 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 RMB1,092,000 higher/lower (as at 31 July 2023: post-tax loss for the year would have been approximately RMB859,000 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 December 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 RMB336,000 higher/lower (as at 31 July 2023: post-tax loss for the year would have been approximately RMB140,000 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.

At 31 December 2024, if RMB had weakened/strengthened by 5% against VND, with all other variables held constant, post-tax loss for the year would have been approximately RMB1,785,000 higher/lower (as at 31 July 2023: nil), 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.

At 31 December 2024, if RMB had weakened/strengthened by 5% against SGD, with all other variables held constant, post-tax loss for the year would have been approximately RMB141,000 higher/lower (as at 31 July 2023: nil), 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 December 2024, the Group had a total of 1,033 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 RMB55.65 million (for the year ended 31 July 2023: RMB20.58 million). The increase in human resources expenses was mainly due to the increase in the employee termination benefits and acquisition of VS Vietnam 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.

PRINCIPAL RISKS AND UNCERTAINTIES

(i) Economic climate and individual market performance

The impact of economic conditions on consumer confidence and buying habits would affect sales and results of the Group. The economic growth or decline in our geographical markets that affected consumer spending on our products would also affect our business. The Group continues to implement its strategies to develop and strengthen penetration of different geographical markets thereby reducing its dependency on specific markets.

(ii) Loss of key individuals or the inability to attract and retain talent

Lack of appropriately skilled and experienced human resource could result in a delay in achieving the Group's strategic goals. The risk of the loss of key personnel is mitigated by regular reviews of recruitment and retention practices, remuneration packages and succession planning within the management team.

(iii) Financial risks

The Group is subject to foreign exchange risk, credit risk, liquidity risk, cash flow and fair value interest-rate risk. Details of the financial risks of the Group during the financial year are set out in note 3 to the consolidated financial statements of the Group.

EVENTS AFTER THE REPORTING DATE

There were no other significant events affecting the Company nor any of its subsidiaries after the reporting date as at 31 December 2024 requiring disclosure in this Annual report.

Environmental, Social and Governance (ESG) Report

ABOUT THIS REPORT

This Report outlines the Environmental, Social and Governance ("ESG") performance of V.S. International Group Limited (the "Group") with its philosophy, approach and achievements to create value for the stakeholders during the seventeen months period ended 31 December 2024.

The scope of this report covers the Group's key business operations in Hong Kong, Vietnam and Zhuhai, which encompasses the manufacturing and the sale of plastic moulded products and parts, assembling of electronic products, moulds design and fabrication. The report is prepared in accordance with the ESG Reporting Code as set out in Appendix C2 to the Listing Rules.

The Group gives credence to that sustainability is key to its business success and for creating long-term value. The Group's sustainability strategy is deeply integrated into the corporate value and aligns with its key principles. To demonstrate its commitment to sustainable growth, the Group has implemented its Corporate Social Responsibility ("CSR") Policy across various functions and business units. The Group has implemented its Corporate Social Responsibility ("CSR") Policy throughout different functions and business units, serving to demonstrate and reinforce its commitment to sustainable growth.

The Board actively copes with critical ESG issues both at the Group and business levels. The Board takes the responsibility on guiding and directing the Group's ESG strategy and development. Meanwhile the separate business units formulate ESG programmes that are aligned with their nature and scale of operation. ESG performance is consistently quantified, reviewed, analyzed and reported to senior management to reinforce effective oversight and foster a culture of continuous improvement.

Reporting Boundaries

The Group adopted the 'financial control' approach to delineate its organization boundary for calculating environmental and social performance metrics. The reporting boundary is defined to be performance of the Group's factories in the PRC and Vietnam covering the period within the calendar years of 2023 and 2024. Consequently, the report provides an overview of our ESG management approach, related initiatives and environmental performance indicators for the period of 1 August 2023 to 31 December 2024. According to Appendix C2, the report must cover the same period as the annual report. Due to a change in the service period, the updated reporting period will be from 1 August 2023 to 31 December 2024. Furthermore, the Company acquired a new entity in Vietnam on 15 July 2024. Environmental and social data related to this acquisition will be provided for the period from 16 July 2024 to 31 December 2024.

Reporting Principles

The report has referenced the Reporting Principles as set out in the HKEX ESG Reporting Code to define the report content and to ensure the quality of information presented, including:

Materiality

The management of the Group identified ESG issues based on the results obtained from stakeholder engagement and manufacturing and operating process. The key ESG issues were disclosed in the report.

Quantitative

The Groups has been tracking and estimating quantitative data using ESG metrics. Where applicable, the Group has compared year-on-year data and discussed their implications.

Balance

The content and data provided in the report aim to be objective and unbiased, reflecting an overall picture of the Group's ESG performance.

Consistency

This report employs consistent methodologies to ensure a fair and accurate comparison of the Group's performance over time. Any changes to the methods that may impact year-on-year comparisons have been disclosed as applicable.

The information in this report has been sourced from the Group's official documents and statistics. It has been consolidated and compiled in accordance with the Group's relevant policies.

BOARD STATEMENT

The Board of Directors demonstrates unwavering commitment to promoting and addressing to the evolving needs of sustainable development of our business and all our stakeholders. Recognizing the enduring economic and social challenges faced by businesses in the persistent severe situation, the Board has prioritized sustainability as a paramount concern by proactively integrating ESG systems into every essential business decision. Taking full responsibility, the Board takes the lead in shaping our ESG strategy and reporting, while overseeing our management approach to recurrently monitor ESG issues. As we navigate the evolving business landscape, we remain committed to sustainable practices and responsible leadership.

The Board implements effective ESG risk management and internal control systems to periodically appraises and estimates its ESG related risks. Our approach to green production not only reducing risks to develop in a sustainable manner, but also adding long-term value. In order to confirm the effectiveness of the management approach and control systems, the Board reviews practice outcomes with tracking progress against ESG-related goals and targets by convening regular meetings and discussions for the seventeen months period ended 31 December 2024.

The global priority of addressing climate change has gained significant momentum recently. Meanwhile, governments are progressively committing to achieving carbon neutrality. For example, Mainland China has own goal on achieving carbon neutrality by 2060, while Hong Kong has pledged to reach this goal by 2050. With the trends of transitions to a low-carbon in society, we anticipate significant investments and changes in market outlooks. In response to such megatrends and our stakeholders' expectations and benefits, Management is actively reviewing and monitoring the Group's greenhouse gas emissions while setting targets for emission reduction targets.

In recent years, the Group has made substantial investments in renewable energy and installed solar panels as a sustainable solution to meet our energy consumption needs and demands. Our objective is to maximize the utilization of our solar energy consumption in relation to the total electricity consumed across the Group's production. Additionally, the Group set an integrated management system to leverage operating efficiency throughout entire production lines. It aims to strengthen product quality, reduce waste, and promote continuous growth in employees' working capacity.

The Board has placed substantial focus on advancing employee's diversity and inclusion, safeguarding their health and safety, providing benefits, and supporting personal development. Guided by the "People first" principle, the Group maintains stringent standards to create safe and secure workplaces for all employees. We are dedicated to fostering a diverse and inclusive working and living community that embraces all cultures and beliefs. In order to promote our employee's well-being and professional growth, we strive to offer a wide range of benefits and development opportunities that align with the Group and the industry.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENTS

Engaging stakeholders is a vital aspect of our ESG reporting process and the Group takes a proactive approach to engage stakeholders in transparent and timely discussions regarding essential ESG issues at the industry, market, and social levels. We collect information from both the Group and individual business unit levels to gain a better understanding of the ESG issues that are most significant to our stakeholders, and how we can address their concerns. As an integrated manufacturing services supplier and one-stop customer solution provider, we regularly interact with a variety of stakeholders, including employees, customers, regulators, suppliers, shareholders, and local communities by engaging with stakeholders through various channels, such as staff meetings, customer service channels, annual general meetings and community service on a regular basis. These stakeholder engagement with key stakeholders enables the Group to understand their expectations and gather feedback, which in turn guides our and facilitates formulating ESG management strategies with greater focus. The disclosures in this ESG report reflect and prioritize the key interests and concerns of these stakeholders during the reporting period, as identified through stakeholder engagement activities.

ENVIRONMENTAL PROTECTION

The Group places a strong emphasis on environmental protection and actively undertakes initiatives to align with governmental goals for carbon neutrality. We operate in an environmentally responsible way by reducing emissions, enhancing resource efficiency, and complying with major international and local environmental regulations.

Emissions

To ensure green production at our factory facility, the Group has implemented an environmental management system that aligns with international and local standards. During the reporting period, it was certified under ISO14001:2015 which remained valid subject to satisfactory surveillance audits. Committed to reducing air emissions, we have introduced and actively applied emission control measures across in all our production lines. For instance, by utilizing filtering devices with activated carbon, it can absorb toxic gases emitted during the soldering process, in order to avoid direct emission into the atmosphere. Those endeavors have earned the Group a reputation for green production and have led to strategic partnerships with many clients for the purpose of sustainability.

A robust waste management control procedure has been implemented by the Group, in order to enable effective identification, segregation, and handling of both hazardous and non-hazardous waste. Hazardous waste generated during the manufacturing processes such as organic solvents, is transferred by licensed vendors to those government-designated chemical waste processing facilities. Detailed records of all hazardous waste transfers are meticulously documented and retained for a minimum of three years to guarantee compliance with regulations.

Our waste management procedure adheres to the "5Rs" principles: Replace, Reduce, Reuse, Recover and Recycle. We actively seek innovative waste management solutions, such as redesigning used metal mould tooling for the production of new products and reusing and recycling residual plastics for packaging. The lean manufacturing methodology have also been deployed in the production floor to enhance productivity by minimizing waste.

Use of Resources

The Group focuses on formulating an energy-saving agenda with the aim to reduce our carbon footprint. By promoting the use of green energy and renewable sources, we dedicated to achieve our ultimate goal of energy and carbon reduction. Recognizing that electricity consumption constitutes majority of the Group's energy resource use and greenhouse gas emissions, we are taking significant steps to tackle this issue through the adoption of energy-efficient technologies and practices.

To identify opportunities for adopting alternative energy sources and achieving long-term cost savings, the Group has engaged a team of independent third-party specialists to conduct periodic energy audits. To date, over RMB80 million has been invested into the development of renewable energy, specifically in solar energy. During the reporting period, our solar panels generated over 9,969,945 kWh of electricity, of which 1,015,075 kWh (2023: 1,096,405 kWh) was consumed in the Group's production process. The remaining 8,954,870 kWh of electricity was sold to the local power grid. At present, solar energy accounts for over 7% of the total electricity consumed in the Group's production process.

Furthermore, the Group has implemented various energy-efficiency measures throughout all business units and departments. These measures include, such as, transitioning to more energy-efficient LED lighting, setting air-conditioning temperatures at 26 degrees Celsius or above, and putting up signage in common areas and workstations to remind staff to conserve energy. The Group's senior management has kept continuously monitoring energy-saving issues and incorporate those issues within the regular discussion agenda during meetings.

In addition to electricity energy-efficiency measures, water conservation measures have been adopted across the overall operations of the Group. All business units and departments take the responsibility to monitor the onsite water supply system, promptly reporting and remediating any identified leakage on a timely basis. While apparently there is no issue in sourcing water, we encourage employees to conserve water as an individual in their daily lives and find ways to utilize it in an more efficient way in production to instill water-saving habits. During the reporting period, the Group achieved a decrease in both water consumption and water consumption intensity, which demonstrating the effectiveness of our water conservation management.

In order to promote green packaging, a variety of environmentally friendly packaging solutions were offered by us to our clients, including biodegradable plastics for packaging and smart designs that reduce the use of non-recyclable materials. All packaging materials also fall within our Hazardous Substance Free control scope, thus ensuring the identification and proper disposal of any hazardous materials before use.

THE ENVIRONMENT AND NATURAL RESOURCES

The Group remains highly committed to addressing its impacts on the climate and resource consumption. We strictly adhere to environmental policies and legislations, given by our new accreditation with the Environmental Management System ISO14001:2015. The Group is determined to continue reducing our carbon footprint with integrating sustainable practices into our operations and involving suppliers in the sustainability approaches.

Furthermore, the Group consistently invests in enhancing the resource efficiency of our facilities and equipment. Stringent protocols are enforced at our production facilities to prevent accidental leakage and spillage of chemicals into the environment. Meanwhile, by performing emergency planning and drills to increase employees' awareness of chemical management and ensure business resilience.

As a responsible corporate citizen, the Group proactively monitors the production and procurement process to minimize adverse impacts on the environment. For example, exposure to excessive ppm of hazardous substances such as Cr, Hg and their compound elements, which may be presented in the parts procured from suppliers. Such substances can cause severe health damage to employees, and their improper disposal can harm the environment and the ecosystem.

Fully recognizing the severity of the impacts of hazardous substances, the Group has implemented a Hazardous Substance Free ("HSF") control procedure (COP-058-D03) to present contamination of parts and to uphold green production for the purpose of environmental protection.

Strictly complying with the International Hazardous Substance Process Management System Requirements, QC080000, and all other environmental protection requirements from clients, we have encompassed all raw materials, accessories, packaging materials procured and all the products in the scope of control under our HSF control procedure, which sets stringent limits on the ppm of hazardous substances listed under the Restriction of Hazardous Substances Directive and highlights usage and handling standards in the production process to prevent cross contamination. The responsibilities of all business units and departments in implementing HSF control are clearly defined in dealing with the HSF control.

An independent HSF control quality assurance team is devoted to overseeing the HSF control procedure and maintaining an environmental quality assurance system. To ensure the proper and effective implementation of the HSF control, both internal and external inspections of the control are regularly performed by the quality assurance team and the suppliers.

CLIMATE CHANGE

Climate change poses a growing concern as human activity continue to impact the environment. The resulting climate risks, including extreme weather events, pose a significant threat to business and their operations, with potential consequences as severe as discontinuation of business. The following risks and opportunities we realized Climate Change might bring to the Group and we will make sure the operation is aware of prepared for them:

Nature of Risk	Impact
Acute Physical Risk: Risks that are driven by extreme weather events, such as typhoons, heavy rainfall, and floods.	The escalating magnitude and frequency of extreme meteorological phenomena could precipitate significant disturbances in our manufacturing processes.
Chronic Physical Risk: Risks associated with longer-term shifts in climate patterns, such as sustained high temperature, change in precipitation patterns.	Prolonged alterations in climatic trends bear the potential to influence our infrastructural and facility frameworks, thereby posing a risk to the continuity of our operations and overall business performance.
Policy and Legal Risk: Policy actions that attempt to constrain actions that contribute to the adverse effects of climate change.	The implementation of increasingly rigorous policy directives aimed at decarbonization and other environmental objectives necessitates the investment of substantial efforts to ensure full compliance.
Technology Risk: Risk associated with technologies used in the transformation to a lower-carbon economy.	The integration of low-carbon technologies may result in a surge in the Group's operational expenditures.
Reputation Risk: Risk of changing customer and/or public perceptions of our contributions to a lower-carbon economy.	The Group's reputation would be adversely affected if it could not meet customers and/or public expectations.

We have formulated business contingency plans for various extreme weather scenarios, including typhoon and flooding, in order to minimize potential life, property and financial losses business. To ensure that production is not disrupted by energy supply shortages caused by extreme weather events, the Group will leverage its solar panel system to maintain reliable energy supply and sustain operations during such events and other climate change-related disruptions. The Board will take the steps for continuously monitoring the risks and opportunities given by climate change.

ENVIRONMENTAL PERFORMANCE DATA TABLE

Environmental Performance

	Unit	FY2022/23	FY2023/24
Emissions			
Nitrogen oxides (NOx) emissions	Kg	410	**4**[1]
Sulphur oxides (SOx) emissions	Kg	0	**113**[2]
Particulate Matter (PM) emissions	Kg	40	**0.26**[1]
Greenhouse gas (GHG) emissions			
Total greenhouse gas (GHG) emissions	Tonne CO_2e	2,634	**6,935**
Direct GHG emissions (scope 1)	Tonne CO_2e	216	**136**
Indirect GHG emissions (scope 2)	Tonne CO_2e	2,418	**6,799**[3]
Waste Generated and Recycled			
Total hazardous waste	Tonne	2	**6**
Total non-hazardous waste produced	Tonne	40	**85**[4]
Use of Resources			
Energy Consumption			
Total energy consumption	kWh	5,549,072	**13,232,706**[3]
Total energy consumption intensity by revenue	kWh/Revenue RMB'000	72.59	**55**
Direct energy consumption			
Total direct energy consumption	kWh	1,663,711	**1,089,762**
Direct energy consumption by type			
Gasoline/Petrol	kWh	111,045	**74,687**
Diesel	kWh	453,768	**0**[5]
LPG	kWh	2,493	**0**
Renewable energy	kWh	1,096,405	**1,015,075**[6]
Indirect energy consumption			
Total indirect energy consumption	kWh	3,885,361	**12,142,944**
Indirect energy consumption by type			
Purchased electricity	kWh	3,885,361	**12,142,944**[3]
Water consumption			
Total water consumption	m^3	130,136	**169,618**
Water consumption intensity by revenue	m^3/Revenue RMB'000	1.70	**0.71**
Packaging material used			
Total packing material	Tonne	76	**680**[3]
Total packing material intensity by revenue	Tonne/Revenue RMB'000	0.00	**0.00**

Note: GHG emissions data for both years were calculated based on emissions factors with reference to sources including the Stock Exchange of Hong Kong's "How to Prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs", the Hong Kong SAR Government's Environmental Protection Department and the Electrical and Mechanical Services Department's "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong", the Greenhouse Gas Protocol's Emission Factors for Cross Sector Tools, the OECD and IEA's "CO2 Emissions from Fuel Combustion", the EPA's "Emission Factors for Greenhouse Gas Inventories" and the IEA's "Energy Statistics Manual".

1 Significant decrease due to discontinuation of truck use.
2 Significant increase due to increased use of passenger cars.
3 Significant increase attributed to new Vietnam factory.
4 Non-hazardous waste produced and recycled by third party.
5 Vehicles with diesel have been shifted to vehicles that use gasoline/petrol.
6 Self-consumed, excluding renewable energy produced and sold.

EMPLOYMENT AND LABOUR PRACTICES

Employment

The Group's core value lies a focus on placing people in the first place, as it is firmly believed that all employees are our greatest asset. Maintaining a safe, caring, inclusive and respectful culture among everyone, providing favorable working and living environment, and encouraging each of employees own development and success, we also maintain the Group's competitiveness to obtain the added benefit from it. We acknowledge and deeply value the efforts made by each of our employees and their contributions to the Group's consistent delivery of quality solutions to customers, as well as our sustained business growth.

The Group's human resources policies have been established to stipulate relevant practices in recruitment, dismissal, promotion, working hours, holidays, equal opportunities, and compensation benefits. Our employees are provided with a competitive remuneration package that including social insurance and housing provident funds. The remuneration offered is up to industry's standards and we have made solid efforts to minimize income gaps. Our remuneration package adheres to the Zhuhai and Vietnam Government's minimum wages requirement. Also, we recommend reasonable working hours to our employees. Even if overtime is demanded, we have policies in place to ensure reasonable overtime payments. To bring convenience to all employees and to cater to employees in need, we provides free-of-charge healthy meals for breakfast, lunch and dinner at the canteen for employees of all levels, and provides dormitories, if needed, for employees needed at the factory. The Group also organize different recreational activities, such as monthly birthday celebrations, spring festival dinners and basketball competitions to promote work-life-balance within the organization. These activities are essential components of our employee care program, and continue to promote a positive work-life balance and a supportive workplace culture will be our main task.

Being a business that heavily depends on the contributions of our staff, the Group has put "Respect for Individuals" and "Treat all Individuals Fairly" inside its value system. We are dedicated to providing equal opportunity, fostering a collaborative workplace culture and embracing diversity. The Group strictly enforces an anti-discrimination policy and has zero tolerance for harassment that in any forms. All employees are evaluated, hired, and promoted based on their capabilities, without considering their age, gender, nationality, religion, cultural background, sexual orientation, or any irrelevant factor. We actively recruit and support racial and ethnic minorities, in order to achieve the goal of promoting equal opportunities, racial diversity and inclusion in the workplace. As the first business in Zhuhai to employ such a huge number of Muslim staff members, the Group has made multiple efforts to respect their religious beliefs.

Health and Safety

As an integrated manufacturing service provider, the health, safety, and wellbeing of our employees are of utmost importance. Dedicated to providing all staff with a safe working environment and complying with applicable local laws and regulations, as well as internationally recognized standards such as OHSAS 18001 – certified Occupational Health and Safety Management Systems. Apart from its focus on regulatory compliance, the Group strategically invests in technology in order to improve occupational health and safety at the manufacturing plants. For instance, we have actively invested in automating the production process at the Group's facilities to eliminate manual workload and the potential associated safety risks.

Through our occupational health and safety procedures, we equip employees with useful methodologies and tools to effectively identify hazards and assess the associated risks. A Safety Committee has been established in order to handle work injury cases, monitor the maintenance of fire equipment, as well as organize regular fire safety training. Our extensive safety training programmes equip all of our people with the sufficient and necessary awareness and updated knowledge to carry out their jobs in a safe manner. All-rounded health and safety initiatives have been running effectively which has fostered employee satisfaction.

Development and Training

Encountering the opportunities and challenges of the digital era, we have created a learning and developing environment that is available for all the employees who strive to be successful in the future. We trust that the individual success of our employees is the representation of the accomplishment of our business. We committed to strengthen our ability to deliver premium quality services and increase our competitiveness in the industry and the market by investing in our staff's growth and development..

Both on-boarding training and periodic job training is intended to assist our employees' continuous learning experiences. To help new employees quickly adapt to their positions and have better understanding of corporate culture, on-boarding and orientation programmes are designed to employees. In addition, A series of training courses for current employees have been arranged which aimed at enhancing their technical and soft skills. These courses include a wide range of topics, like business knowledge, personal development, business conduct and ethics, health and safety, and sustainable development. For instance, a plastic moulding technician assessment scheme was launched to offer tailor-made evaluation for assessing and developing plastic moulding technicians. Furthermore, the Group stipulates minimum training hours requirement for all employees. For example, we require all our newly joined employees to complete the training on plant safety and operation knowledge, while current production employees are required to complete training to refresh their knowledge and introduce new skills. During the reporting period, the average training hours for each staff member were over 2 hours. Moreover, the employees are provided with corporate sponsorship by the Group and support to attend training events hosted not only internally and externally, but also including those held overseas. This initiative can foster employees to pursue new knowledge and be encouraged in life-long learning.

The Group's management has established annual training plans and keeps track of the implementation of those plans, in order to operate and pursue continual improvement of the training programme. We oftenly review the adequacy and quality of our training resources. Feedback has also been actively seeking from employees to increase training quality.

Labour Standards

We strictly prohibit employment of child and forced labour across all our operations, and our suppliers are also expected to uphold the consistent standards. It is believed that the Group's responsibility extends beyond mere compliance with relevant laws and regulations, we strive to offer our employees with quality working conditions. Therefore, robust mechanisms are in place for prevention, surveillance, and reporting of practices involving child, forced or compulsory labour. We remain vigilant in our efforts to combat child and forced labour, and continuously reviewing and improving our policies and procedures to align with international good practices. Our policies and procedures on labour practices adhere to international good practices. Upon discovering incidents related to child labour or forced labour, the Group will promptly perform investigations and address the situations in accordance with applicable laws and regulations. During the period, the Group was not aware of any incidents of non-compliance with all applicable laws and regulations related to anti-child and anti-forced labour practices.

OPERATING PRACTICES

Supply Chain Management

As a manufacturing service provider which heavily rely on the supply chain, we regard suppliers as strategic business partners and strives to form and maintain close and stable relationships with them to achieve sustainable development.

The Group's supplier evaluation and selection procedure manual standardizes requirements on the process of all supplier selection, evaluation, and management. Suppliers' ESG performance is one of the primary consideration factors in our selection process, while the assessment results are reviewed and authorized by the Group's management.

Selected suppliers undergo ongoing monitoring and annual evaluation to ensure quality assurance. For instance, the Group's HSF control procedure outlines mandatory testing procedures on procured materials from suppliers, and suppliers are required to undertake inspection if hazards are found in the supplied materials. The Group also works closely with those suppliers to satisfy other ESG requirements, such as committing the wellbeing of their employees and assist them in applying the requirements. If a supplier cannot achieve the requirements of the Group and does not undertake effective and timely remedial actions, the Group may cease to source products or services from the vendor in the future.

Product Responsibility

With our customer base encompassing various countries across different continents, we places great importance on the quality of our products and services. The Group believe that being highly responsible for the quality of our offerings is crucial to fulfill stakeholders' interest and expectations, and maintain our competitiveness in the industry and the market.

We have implemented an integrated quality, environmental and health management system to ensure that the solutions satisfy the requirements, needs and expectations of our customers and end-users. The Group has established demanding procedures to govern quality assurance and control in every part of the manufacturing process, from raw material procurement, to the production of semi-finished products, until the packaging of finished goods. The Group's commitment to quality is fully reflected in our every product, which are made and designed to satisfy the respective health and safety requirements of the target markets.

The Group's professional staff are meticulously trained and proficient in addressing customer inquiries and complaints. Multiple channels are offered, such as our hotline and email which are designated for customers to request information or lodge complaints. All of the complaints received are promptly followed up and resolved in a timely manner by designated professionals. The Group values customer feedback and suggestion and remains an open mind for continuous improvements of our products and services.

Proactive management of customer satisfaction is of paramount importance to the Group. We have implemented a customer satisfaction management procedure (COP-018-C04) for the purpose of periodically enhancing the quality of our products and services according to feedbacks gathered from our customers. Through different channels open to customers, the feedbacks will then be quantified, analyzed and transformed into actionable enhancement plans across various departments within the organization. Customer feedbacks are also quantified and used to be the key performance indexes in the corresponding business units. The optimal performance levels for each business unit are set by the management and requires them to meet or perform above these levels.

To address any faulty products that are delivered to our customers, we have established the recall procedures in our unqualified material and product policy. When there is the situation that a product recall, the affected products will be promptly traced and recall, thus replace them as necessary. A thorough investigation will also be conducted by us and implement improvements in our production processes to prevent future occurrences.

In order to provide customers with accurate and comprehensive product information while protecting them from potential dangers associated with improper use of our products, we have adopted standardized procedures for advertising and labelling our products that in accordance with the regulatory requirements of the target markets.

Recognizing the importance of privacy and confidentiality in our business operations as we collect different customer data to support our business, the Group has implemented policies and procedures to require all employees treat customer data and sensitive business information with the utmost care and seriousness. Confidentiality and non-disclosure agreements are signed as necessary before conducting business with the customers. Access to customer data is restricted to authorized personnel only.

The Group values our own research and development seriously and importantly. An Intellectual Property Maintenance and Control Policy has been established to ensure that Intellectual property ("IP") rights have been promptly observed and protected. We cautiously handling designs and strictly comply with patent requirements and royalty in adoption. Similarly, we designed our policies and procedures to make sure that we respect the IP rights of others while safeguarding our own IP rights by registration and other confidential measures.

In response to the growing importance of data privacy and cybersecurity in the digital world, the Group has established a Computer Information System Management policy that outlines clear requirements for data privacy and security in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of The Laws of Hong Kong), the Corporate Finance Consultant Code of Conduct and other relevant local laws. Our data privacy policies and requirements are communicated to all employees through various channels, such as staff meetings and training courses. Regular training and awareness initiatives are conducted to ensure all employees understand their role in protecting customer data privacy and maintaining data security.

Anti-corruption

During the seventeen months period ended 31 December 2024, the Group did not encounter any litigation related to violations of anti-corruption, bribery, fraud, or money laundering laws and regulations, such as the Law of the PRC on Anti-money Laundering (中華人民共和國反洗錢法) and the Prevention of Bribery Ordinance (Chapter 201 of The Laws of Hong Kong). We are committed to upholding the highest standards of business ethics, conduct, and integrity and we stand firmly against all forms of bribery, extortion, fraud and money laundering.

The Group strictly prohibits all employees, either directly or indirectly, from soliciting or receiving any gifts, rewards or advantages from any business associates. To encourage the reporting of any misconduct, the Group has an anonymous whistle-blowing system. Meanwhile, regular training about anti-bribery measures is received by all staff every year.

In addition, all suppliers and customers are required to adhere to our Code of Conduct and Anti-corruption Policy, in order to ensure that our business partners uphold to the same ethical standards as the Group does. To mitigate any potential risks, a corruption risk assessment is conducted before accepting or continuing any business relationship with a supplier or customer.

Community Investment

In our commitment to a sustainable future for our society, we are taking actions to give back to the community in every way possible. Committed to fostering a more harmonious, prosperous, and inclusive community by leveraging our resources to support and participate in different social welfare activities and facilitate the creation of a society for the common good.

V.S. Charitable Foundation, recognized by the local government of the PRC and listed on the Zhuhai Charity Federation website, is a key initiative in our community efforts, which aims to raise funds in support of those in need. Over the years, through the Foundation, large amount of donations has been made to various organizations supporting the elderly, educational institutions, and families living in poverty.

Moreover, the Group encourage our employees to participate in variety of community services. Looking ahead, the Group will continue to support the community by engaging more employees to take part in community services.

REGULATORY COMPLIANCE

The Group recognizes the critical importance of regulatory compliance and has established rigorous preventive, monitoring and control measures to ensure compliance with relevant laws and regulations. The regulatory frameworks within which we operate, and prepare and update internal policies are analyzed and monitored accordingly. To strengthen the awareness and understanding of our internal controls and compliance procedures, tailor-made workshops are also conducted where necessary.

The Group takes the responsibility to closely observe the laws and regulations relevant to our businesses operations and diligently make full efforts to strive to satisfy regulatory compliance. During the reporting period, the Group was not aware of any non-compliance with laws and regulations that had a significant impact on the Group relating to environmental protection, employment, labour, and operating practices.

SOCIAL PERFORMANCE DATA TABLE

Social Performance

	Unit	FY2022/23	FY2023/24 – China	FY2023/24 – Vietnam
Employee Profile				
Total workforce	No. of people	160	17	1016
Total workforce by employment type				
Full-time	No. of people	160	17	1016
Part-time	No. of people	–	–	–
Total workforce by gender				
Male	No. of people	87	10	497
Female	No. of people	73	7	519
Total workforce by rank				
General staff	No. of people	143	6	992
Middle management	No. of people	9	2	20
Senior management	No. of people	8	9	4
Total workforce by age group				
18 – 29	No. of people	4	0	260
30 – 39	No. of people	28	4	412
40 – 49	No. of people	78	4	322
50 – 59	No. of people	45	6	21
60 or above	No. of people	5	3	1
Total workforce by geographic location				
Mainland China	No. of people	155	11	25
Other regions in Asia	No. of people	5	6	991
Employee Turnover				
Employee turnover rate	%	37.7%	90%	26.42%
Employee turnover rate by gender				
Male	%	34.09%	89.69%	35.62%
Female	%	41.60%	91.25%	17.22%
Full-time employee's turnover rate by age group				
18 – 29	%	63.64%	100.00%	54.02%
30 – 39	%	31.71%	87.50%	25.50%
40 – 49	%	31.58%	95.12%	10.06%
50 – 59	%	46.43%	88.89%	0.00%
60 or above	%	28.57%	40.00%	0.00%
Employee turnover rate by geographic location				
Mainland China	%	38.49%	93.57%	0%
Other regions in Asia	%	0%	0%	100%

Social Performance

	Unit	FY2022/23	FY2023/24 – China	FY2023/24 – Vietnam
Occupational Health and Safety				
Work-related fatalities	No. of people	0	**0**	**0**
Lost day due to work injury#	No. of days	0	**0**	**0**
Development and Training				
Total workforce trained	No. of people	154	**17**	**1016**
Employees trained by gender				
Male	No. of people (%)	88 (57.1%)	**10 (58.8%)**	**497 (48.9%)**
Female	No. of people (%)	66 (42.9%)	**7 (41.2%)**	**519 (51.1%)**
Employees trained by employee category				
General staff	No. of people (%)	137 (88.9%)	**6 (35.3%)**	**992 (97.6%)**
Middle management	No. of people (%)	9 (5.8%)	**2 (11.8%)**	**20 (2.0%)**
Senior management	No. of people (%)	8 (5.3%)	**9 (52.9%)**	**4 (0.4%)**
Average training hours per employees by gender				
Male	Hours/employees	2.44	**10.80**	**4.00**
Female	Hours/employees	2.27	**8.57**	**4.00**
Average training hours per employees by employee category				
General staff	Hours/employees	2.17	**12.00**	**4.00**
Middle management	Hours/employees	4.00	**12.00**	**4.00**
Senior management	Hours/employees	4.00	**8.00**	**4.00**
Supply Chain Management				
Number of suppliers by geographic location				
Hong Kong	No. of suppliers	6	**0**	**12**
Mainland China	No. of suppliers	91	**0**	**25**
Countries/regions in Asia	No. of suppliers	1	**0**	**100**
Countries/regions in Europe	No. of suppliers	0	**0**	**–**
Other region	No. of suppliers	0	**0**	**5**
Product Responsibility				
Percentage of total products sold or shipped subject to recalls for safety and health reasons	%	0%	**0%**	**0%**
Number of products and service related complaints received	No. of complaints	0	**0**	**7**

\# The lost day is calculated based on sum of the number of injuries * no. of days cannot attend to work.

Directors and Senior Management Profile

EXECUTIVE DIRECTORS

Mr. BEH Kim Ling, aged 66, is the chairman of the Company. Mr. Beh started his career in 1976 as a plastic moulding technician in Singapore. Three years later, Mr. Beh established VS Industry Pte Ltd. which was principally involved in the manufacturing of cassettes and video tapes parts in Singapore. In 1982, Mr. Beh, together with his wife, relocated the entire business operations of VS Industry Pte Ltd. from Singapore to Johor Bahru, Malaysia and set up V.S. Industry Berhad ("VS Berhad") in Johor Bahru, Malaysia. Mr. Beh has been the executive chairman of VS Berhad since then. With the vast experience in the plastic moulding injection business gained in Singapore and Malaysia, Mr. Beh founded the Group's business in the PRC in 1997. Mr. Beh has been appointed as an executive Director since 5 November 2001.

In November 2003, Mr. Beh received Honorary Doctorate from the Honolulu University in Hawaii, the United States of America. In recognition of his efforts and dedication, His Excellency, the Governor of Malacca conferred the Darjah Putra Seri Melaka ("DPSM") to him which carries the prestigious title of "Datuk" in December 2012. Currently, Mr. Beh focuses mainly on business development and formulation of the overall business strategy of the Group.

Mr. Beh is the father of both Mr. Beh Chern Wei and Ms. Beh Hwee Sze.

Mr. ZHANG Pei Yu, aged 86, has been with the Group since October 2000 and has been appointed as an executive Director since 5 November 2001. Prior to joining the Group, Mr. Zhang held various managerial positions with a number of large state-owned enterprises and government bureau in the PRC, including Shenyang Auto Mobile Manufacturing Factory, Shenyang Light Industry Bureau, Planning Economy Committee of Shenyang and Shenyang Jinbei Company. Mr. Zhang has gained substantial experience in corporate management and business development in the PRC.

Mr. Zhang is principally responsible for the corporate affairs of the Group in the PRC.

Mr. BEH Chern Wei, aged 39, was appointed as an alternate Director to Madam Gan Chu Cheng on 21 March 2015 and redesignated from an alternate Director to Madam Gan Chu Cheng to an executive Director on 16 December 2015. With effect from 1 September 2023, Mr. Beh Chern Wei has been appointed as the managing Director. Mr. Beh graduated with a Bachelor of Science degree in Industrial Engineering from the State University of New York at Buffalo in 2006. Upon graduation, Mr. Beh served for a year in the business development division of VS Berhad, the parent company of the Company, whose subsidiaries are principally engaged in the manufacturing, assembly and sale of plastic moulded components and parts, and electrical products. After joining the Group, Mr. Beh served as a project manager and a business system manager in the Group's production facilities in Zhuhai, the PRC, whereby he took part in activities relating to management enterprise resource planning system, business development, sales and marketing, supply chain management, operational management and project and product development.

Mr. Beh currently is responsible for the financial management, information technology and supply chain management of the Group and is currently an executive director of VS Berhad, holding company of the Company which is listed on the Main Market of Bursa Malaysia.

Mr. Beh Chern Wei is the son of Mr. Beh Kim Ling and the brother of Ms. Beh Hwee Sze.

Ms. Beh Hwee Sze, aged 41, was appointed as an alternate Director to Mr. Zhang Pei Yu on 1 September 2023. Ms. Beh joined the Group in August 2023 as a marketing and communications manager, where she is responsible for the marketing activities and investor relations of the Group. She has also been appointed as a director of both V.S. Group (Singapore) Pte. Ltd. and V.S. Assets Management Pte. Ltd. (companies owned by Mr. Beh Kim Ling and his family members, which are not subsidiaries of the Company) since September 2020, where she co-manages the commercial and residential real estate portfolio across Southeast Asia, and provides strategic and investment recommendations to the board of directors. She graduated with a Bachelor of Science in Business Administration from Boston University School of Management in 2007, and is currently in the Global Executive MBA program at INSEAD. She was the founder of Upside Motion Pte. Ltd., a fitness studio in Singapore, and was a managing director there from December 2011 to June 2022. She was also the founder of Sprout Hospitality Pte. Ltd., a hospitality procurement consulting firm servicing new hotel openings in South East Asia, and was a consultant there from October 2010 to January 2015.

Ms. Beh Hwee Sze is the daughter of Mr. Beh Kim Ling and the sister of Mr. Beh Chern Wei.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. TANG Sim Cheow, aged 64, was appointed as an independent non-executive Director on 30 September 2004. Mr. Tang graduated from the University of Malaya with a Bachelor of Accounting degree in 1984. He is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants, and a fellow member of the Chartered Tax Institute of Malaysia. Mr. Tang joined KPMG Kuala Lumpur upon graduation and was promoted to tax manager in 1988. In 1992, Mr. Tang was seconded to KPMG Johor Bahru to head the tax practice of the Johor Bahru Branch and was promoted to tax director in 1995. Since 2000, Mr. Tang operates his own accounting firm SC Tang & Associates, in Malaysia which provides assurance, tax and consultancy services.

Ms. FU Xiao Nan, aged 54, was appointed as an independent non-executive Director on 12 June 2015. Ms. Fu holds a master's degree in finance and has over 20 years of investment banking experience in the capital markets of the PRC. She has been a sponsor representative registered with China Securities Regulatory Commission since 2007.

Ms. Fu is currently a partner of Phoenix Investment Company, which was established in the PRC in March 2016. She joined Huatai United Securities Co., Ltd. in May 2011 and left in March 2016. Prior to joining Huatai United Securities Co., Ltd., Ms. Fu held senior management positions in various investment banks. From June 2008 to March 2010, Ms. Fu acted as an independent non-executive director of Blue Star Cleaning Co., Ltd. (now known as Chengdu Xingrong Environment Co., Ltd.), a company listed on the Shenzhen Stock Exchange (stock code: 000598). From December 2012 to March 2023, Ms. Fu also served as an independent non-executive director of the United Laboratories International Holdings Limited, a company listed on the Main Board of Stock Exchange (stock code: 3933).

Mr. Wan Mohd Fadzmi, aged 59, was appointed as an independent non-executive Director on 1 September 2023. Mr. Fadzmi has served as an independent non-executive director and the chairman of the nomination committee of Hap Seng Consolidated Berhad (a company listed on the Main Market of Bursa Malaysia Berhad, stock code: 3034) since November 2017. Additionally, Mr. Fadzmi is currently the independent non-executive director at Zurich General Takaful Malaysia Berhad and Malaysia Rating Corporation Berhad, and the independent non-executive director and chairman of the board of directors of Sumitomo Mitsui Banking Corporation Malaysia Berhad (a subsidiary of Sumitomo Mitsui Banking Corporation).

Mr. Fadzmi holds a bachelor of construction economics from RMIT University and attended the Advanced Management Program at The Wharton Business School, University of Pennsylvania and the Senior Executive Finance Program at the University of Oxford.

Mr. Fadzmi is a seasoned professional banker with over 25 years of extensive domestic and international experience. He held various senior management positions including the chief executive and country heads for the bank's operations in London, New York and Hong Kong.

Mr. Fadzmi was a director of global financial banking strategic business group at RHB Bank Berhad from July 2010 to June 2011 before assuming the position as the president/chief executive officer at Bank Pertanian Malaysia Berhad (Agrobank) from July 2011 to August 2017. Between 2018 and 2020, he was an independent non-executive director of Chemical Company of Malaysia Berhad (a company previously listed on the Main Market of Bursa Malaysia Berhad with stock code: 2879, which was delisted in 2021). Between 2020 and 2021, he was a non-independent and non-executive director of Malaysian Bulk Carriers Berhad (a company listed on the Main Market of Bursa Malaysia Berhad, stock code: 5077). Mr. Fadzmi has received numerous accolades, awards and recognitions for his efforts and contributions. In 2016, he was recognized as CEO of the Year by Global Islamic Finance Awards (GIFA) in Jakarta. Furthermore, in 2017, he was awarded the Islamic Retail Banking Leadership Award at the 3rd Islamic Retail Banking Awards in Dubai.

SENIOR MANAGEMENT OF THE GROUP

Mr. CHONG Chin Siong, aged 57, is the corporate finance controller of the Group. Mr. Chong graduated from the University Science of Malaysia with a Bachelor of Management (majoring in finance and accounting) in year 1992. Prior to joining the Group in January 2009, Mr. Chong has gained more than 30 years of experience in internal audit, corporate finance and financial management in a number of public listed companies in Malaysia.

Mr. LOW Hang Vow, aged 51, is the operation finance controller of the Group. Mr. Low graduated from University of Malaya with a Bachelor of Accounting in year 1998 and joined the Group in June 2014. Mr. Low has gained more than 20 years of experience in relation to accounts, finance and taxation in Malaysia and the PRC.

Mr. LIEW San Kim, aged 61, is the general manager of V.S. Technology Industry Park (Zhuhai) Co., Ltd. and V.S. Industry (Zhuhai) Co., Ltd.. Mr. Liew graduated from Federal Institute of Technology with Diploma in electronics. Mr. Liew joined the Group in 2005 as a Quality Manager and was promoted to the present position in 2011.

Ms. ZHANG Ge, aged 54, is the human resources and administrative director of V.S. Technology Industry Park (Zhuhai) Co., Ltd. and V.S. Industry (Zhuhai) Co., Ltd.. Ms. Zhang joined the Group in May 2004 and was promoted to her current position in September 2011. Prior to joining the Group, Ms. Zhang served in large state-owned enterprises in the PRC. Ms. Zhang graduated from university and has gained more than 20 years of experience in relation to finance, human resources and administrative management in the PRC.

Mr. Beh Kim Siea, aged 61, has been an integral part of the VS Berhad since 1989, when he joined the company in Malaysia. Holding a Certificate of Management from the National University of Singapore, he has contributed significantly to the company’s management throughout his career. In 2005, he was appointed as general director of VS Vietnam and has since served on the company’s board of directors. As the younger brother of VS Berhad founder, Mr. Beh Kim Ling, he brings a deep understanding of the company’s vision and values.

Mr. GOH Thian Song, aged 57, financial controller of VS Vietnam, is a seasoned financial professional with over three decades of experience in accounting, auditing and financing. A Fellow of The Chartered Association of Certified Accountants (UK), his expertise is underpinned by a distinguished career spanning China and Malaysia. He joined the Group in January 2015 as financial controller of Qingdao GS Electronics Plastic Co., Ltd. and assumed his current position at VS Vietnam in 2018.

Mr. Goh Wai King, aged 41, earned his Bachelor of Accounting and Finance from Deakin University, Australia and joined VS Vietnam in 2009. His initial role as Business Development Manager allowed him to develop a deep understanding of the company's operations and market dynamics. In 2017, he was appointed Assistant to the General Director, where he has been instrumental in overseeing the company's overall business and management.

Mr. Ter Kien Yon, aged 43, has over 20 years of specialized experience in plastic molding and tooling. Holding a Diploma of Information Technology & System Networking, he began his career with VS Berhad in Malaysia as a Mold Designer in 2003, gaining foundational expertise in the field. In 2010, he moved to VS Vietnam, serving as Operational Manager. His proven track record led to his appointment as general manager in 2017, demonstrating his proven leadership and technical expertise.

Corporate Governance Report

The Company is committed to maintaining a high standard of corporate governance and endeavours in following the code provisions ("Code Provisions") of the Corporate Governance Code ("CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on Stock Exchange ("Listing Rules"). The Board considers such commitment is essential for the growth of the Group and for maximising the interest of the shareholders of the Company (the "Shareholders"). The Company regularly reviews its corporate governance practices to ensure that the latest development in corporate governance can be followed and observed.

CORPORATE GOVERNANCE PRACTICES

During the seventeen months period ended 31 December 2024, the Company had complied with the Code Provisions, except for the following provision.

According to Code Provision C.2.1 under the CG Code, the roles of chairman and chief executive officer should be separate 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.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted on 30 September 2004 its securities dealing code ("SD Code") regarding the dealings of securities of the Company by the Directors and senior management of the Group, on terms no less exacting than the required standard under the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules.

The Company has made specific enquiry on all Directors regarding the dealings of securities of the Company and the Directors have confirmed that they have complied with the SD Code and Appendix C3 to the Listing Rules throughout the seventeen months ended 31 December 2024.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company and oversees the Group's overall strategic policies. The management is delegated the authority and responsibility by the Board for the management of the Group. The Board is currently composed of four executive Directors namely Mr. Beh Kim Ling as the chairman, Mr. Beh Chern Wei, Mr. Zhang Pei Yu and Ms. Beh Hwee Sze (an alternate Director to Mr. Zhang Pei Yu) and three independent non-executive Directors, namely Mr. Tang Sim Cheow, Ms. Fu Xiao Nan and Mr. Wan Mohd Fadzmi. The biographical details of the Directors are set out under the section headed "Directors and Senior Management Profile" of this Annual Report. All Directors are subject to retirement by rotation and may offer themselves for re-election at the annual general meeting of the Company in accordance with the provisions of the Company's articles of association.

The Board meets regularly to review and determine the corporate strategies and overall strategic policies. Each of the members of the Board has full access to relevant information at the meetings. During the seventeen months ended 31 December 2024, the Board has convened nine meetings at which, among other things, the following activities were conducted:

(1) approved the annual report for the financial year ended 31 July 2023 and matters to be considered at the 2023 annual general meeting;

(2) reviewed and approved corporate strategies of the Group for the seventeen months ended 31 December 2024;

(3) approved the interim results for the six months ended 31 January 2024 and second interim results for the twelve months ended 31 July 2024;

(4) approved the announcements of the Company in relation to, among others, certain unaudited financial information of the Group provided to V.S. Industry Berhad for the compilation of its quarterly report for the three months ended 31 October 2023 and for the nine months ended 30 April 2024 respectively; and

(5) approved connected transaction of the Group.

The Board is also responsible for determining the Company's corporate governance policies and performing corporate governance duties set out under the CG Code. Its corporate governance duties include, among others, (i) to develop and review the Company's policies and practices on corporate governance; (ii) to review and monitor the training and continuous professional development of Directors and senior management; (iii) to review and monitor the Company's policies and practices on compliance with legal or regulatory requirements; (iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; (v) to review the Company's disclosure in the ESG Report; and (vi) to review the Company's disclosure in the Corporate Governance Report.

During the seventeen months period ended 31 December 2024, the Board has not held any meeting in relation to its corporate governance functions.

Apart from the regular board meetings, the Board met on other occasions when a board-level decision on a particular matter was required.

Details of the Directors' attendance records at the board meetings during the seventeen months period ended 31 December 2024 are as follows:

	Attendance
Executive Directors	
Mr. Beh Kim Ling *(chairman)*	9/9
Mr. Gan Sem Yam *(resigned on 1 September 2023)*	1/9
Mr. Zhang Pei Yu	7/9
Mr. Beh Chern Wei	9/9
Ms. Beh Hwee Sze *(appointed as alternate director to Mr. Zhang Pei Yu on 1 September 2023)*	9/9
Independent non-executive Directors	
Mr. Tang Sim Cheow	9/9
Mr. Diong Tai Pew *(resigned on 26 September 2023)*	1/9
Ms. Fu Xiao Nan	8/9
Mr. Wan Mohd Fadzmi *(appointed on 1 September 2023)*	6/9

Whilst the Board as a whole is to determine the corporate strategies and overall strategic policies, the executive Directors and senior management of the Company, as delegated by the Board, are responsible for implementing the determined strategies and policies and the day-to-day management of the Group's business.

Details of the Directors' attendance records at the annual general meeting of the Company, being the only annual general meeting held during the seventeen months period ended 31 December 2024, are as follows:

	Attendance
Executive Directors	
Mr. Beh Kim Ling *(chairman)*	1/1
Mr. Gan Sem Yam *(resigned on 1 September 2023)*	0/1
Mr. Zhang Pei Yu	0/1
Mr. Beh Chern Wei	1/1
Ms. Beh Hwee Sze *(appointed as alternate director to Mr. Zhang Pei Yuon 1 September 2023)*	1/1
Independent non-executive Directors	
Mr. Tang Sim Cheow	1/1
Mr. Diong Tai Pew *(resigned on 26 September 2023)*	0/1
Ms. Fu Xiao Nan	1/1
Mr. Wan Mohd Fadzmi *(appointed on 1 September 2023)*	1/1

Details of the Directors' attendance of the extraordinary general meeting of the Company, being the only extraordinary general meeting held during the seventeen months ended 31 December 2024, are as follows:

	Attendance
Executive Directors	
Mr. Beh Kim Ling *(chairman)*	1/1
Mr. Gan Sem Yam *(resigned on 1 September 2023)*	0/1
Mr. Zhang Pei Yu	1/1
Mr. Beh Chern Wei	1/1
Ms. Beh Hwee Sze *(appointed as alternate director to Mr. Zhang Pei Yuon 1 September 2023)*	1/1
Independent non-executive Directors	
Mr. Tang Sim Cheow	1/1
Mr. Diong Tai Pew *(resigned on 26 September 2023)*	0/1
Ms. Fu Xiao Nan	1/1
Mr. Wan Mohd Fadzmi *(appointed on 1 September 2023)*	1/1

Save as disclosed under the section headed "Directors and Senior Management Profile" of this Annual Report, there is no other relationship (whether financial, business, family or other material/relevant relationships) among the members of the Board.

The Company has received from each of the independent non-executive Directors a written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors to be independent despite the fact that Mr. Tang Sim Cheow has served as an independent non-executive Director for more than nine years.

Mr. Wan Mohd Fadzmi was appointed on 1 September 2023 as an independent non-executive Director. He obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 21 August 2023. He has confirmed that he understood his obligations as a director of the Company.

The Board is committed to reviewing and assessing the Directors' independence annually in order to ensure that independent views and input of the independent non-executive Directors are made available to the Board, for example, by reviewing the proportion of independent non-executive Directors on the Board and the Board committees, regularly evaluating the independence of all non-executive Directors, striving to ensure that all Directors have equal opportunities and channels to communicate and express their independent views and opinions to the Board and the Board committees.

INSURANCE ARRANGEMENT

According to Code Provision C.1.8 of the CG Code, an issuer shall arrange appropriate insurance cover in respect of any legal action against its directors. During the seventeen months period ended 31 December 2024, the Company has arranged liability insurance for its Directors and senior management.

DIRECTORS' TRAINING

Pursuant to Code Provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Company shall be responsible for arranging suitable training for all Directors at the Company's expense.

During the seventeen months period ended 31 December 2024, the Company has organised a training session conducted by qualified professionals in relation to the addressing challenges in implementing International Sustainability Standards to ensure that the Directors fully understand their responsibilities, roles, functions and duties as Directors under the Listing Rules and other applicable laws and regulations. Each of Mr. Beh Kim Ling and Mr. Beh Chern Wei attended such training session. Mr. Zhang Pei Yu, Ms. Beh Hwee Sze, Mr. Tang Sim Cheow, Mr. Wan Mohd Fadzmi and Ms. Fu Xiao Nan attended other professional training sessions separately.

NOMINATION COMMITTEE

The nomination committee of the Company ("Nomination Committee") currently consists of three members, comprising two independent non-executive Directors, namely Mr. Wan Mohd Fadzmi (chairman) (appointed on 26 September 2023) and Mr. Tang Sim Cheow, and one executive Director, namely Mr. Beh Chern Wei. It was established by the Board with effect from 24 March 2012 and its duties are clearly defined in its terms of reference which have been prepared and adopted according to the Code Provisions.

The Nomination Committee reviews regularly the structure, size and composition of the Board and may make recommendations to the Board on the nominees for appointment as directors for their consideration and approval. To enhance the quality of the performance of the Board and to achieve diversity on the Board, the Board adopted on 30 August 2013 its board diversity policy ("Board Diversity Policy"), pursuant to which (i) differences in the skills, regional and industry experience, background, race, gender and other qualities of Directors will be taken into account in determining the optimum composition of the Board; and (ii) all Board appointments will be based on merit while taking into account diversity (including gender diversity). For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

(A) at least 40% of the members of the Board shall be non-executive Directors or independent non-executive Directors;

(B) at least one-third of the members of the Board shall be independent non-executive Directors;

(C) at least two of the members of the Board shall have obtained accounting or other professional qualifications;

(D) at least 75% of the members of the Board shall have more than seven years of experience in the industry he/she is specialised in; and

(E) at least two of the members of the Board shall have China-related work experience.

The Company aims to achieve a balanced composition of the Board by ensuring appropriate balance of diversity in various aspects, including gender diversity, so as to enable the Board to discharge its duties and responsibilities effectively. During the seventeen months period ended 31 December 2024, the Board consisted of five male directors and two female directors. The Company considers that the composition of the Board has achieved gender diversity and has satisfied the Board Diversity Policy. The review of the Board Diversity Policy and the measurable objectives shall be carried out at least annually to ensure the continued effectiveness of the Board.

As at 31 December 2024, the Group had a total of 1033 employees (including senior management), comprising of 507 male employees (i.e. about 49.1% of the workforce) and 526 female employees (i.e. about 50.9% of the workforce).

The Company will continue to take gender diversity into consideration during recruitment and increase the female proportion at all levels over time with the ultimate goal of achieving gender parity, such that there is a pipeline of female senior management and potential successors to the Board in the future. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Board has also adopted a nomination policy ("Nomination Policy") during the seventeen months period ended 31 December 2024. A summary of the Nomination Policy is disclosed below:

1. Objective

   The Nomination Policy aims to set out the relevant selection criteria and nomination procedures to help the Nomination Committee and the Board to ensure that the Board has a balance of skills, experience and diversity of perspective appropriate to the requirement of the Group's businesses.

2. Selection criteria

   The selection criteria specified in the Nomination Policy include:

   – commitment of available time and ability to devote sufficient time and attention to the affairs of the Company;
   – reputation for integrity;
   – accomplishment and experience in the relevant industry(ies);
   – effectiveness in carrying out the responsibilities of the Board; and
   – diversity in all its aspects as set out in the Board Diversity Policy of the Company.

   These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

3. Nomination procedures

(i) For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

(ii) Until the publication of circular to the Shareholders, the nominated persons shall not assume that they have been proposed by the Board to stand for election at the general meeting.

(iii) In order to provide information of the candidates nominated by the Board to stand for election at a general meeting, and to invite nominations from the Shareholders, a circular will be sent to the Shareholders. The circular will set out the lodgment period for the Shareholders to make the nominations. The names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations, of the proposed candidates will be included in the circular to the Shareholders.

(iv) A candidate is allowed to withdraw his or her candidature at any time before the general meeting by serving a notice in writing to the company secretary of the Company.

The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

4. Review of the Nomination Policy

The Nomination Committee will review the Nomination Policy, as appropriate, to ensure the effectiveness of the Nomination Policy. The Nomination Committee will discuss any revisions that may be required.

During the seventeen months period ended 31 December 2024, the Nomination Committee has convened two meetings to review the structure, size and composition of the Board and review performance of each Director who is subject to retirement by rotation.

Details of attendance of each member of the Nomination Committee during the seventeen months period ended 31 December 2024 are as follows:

	Attendance
Mr. Wan Mohd Fadzmi *(Chairman)*	0/2
Mr. Tang Sim Cheow	2/2
Mr. Beh Chern Wei	2/2
Mr. Diong Tai Pew *(resigned on 26 September 2023)*	1/2

REMUNERATION COMMITTEE

The remuneration committee of the Company ("Remuneration Committee") currently consists of three members, two independent non-executive Directors, namely Ms. Fu Xiao Nan (chairman) and Mr. Tang Sim Cheow, and one executive Director, Mr. Beh Kim Ling. The Remuneration Committee was established by the Board on 14 February 2006 and its duties are clearly defined in its terms of reference which have been prepared and adopted according to the Code Provisions. The function of the Remuneration Committee is to make recommendations to the Board on the policy and structure for all remuneration of Directors and senior management of the Company.

During the seventeen months period ended 31 December 2024, the Remuneration Committee has convened three meetings to review and approve the remuneration structure of the Directors and senior management of the Company as well as discretionary bonus of the executive Directors for the financial year ended 31 July 2023.

Remuneration of Directors and Senior Management

Pursuant to Code Provision E.1.5 of the CG Code, the remuneration of the members of the senior management by band for the seventeen months period ended 31 December 2024 is set out below:

Remuneration band (HK$)	**Number of individuals**
1,000,000 to 1,500,000	2
500,001 to 1,000,000	2
Nil to 500,000	4

Further particulars regarding Directors' emoluments and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 12 and 13 to the consolidated financial statements of the Group.

Details of attendance of each member of the Remuneration Committee during the seventeen months period ended 31 December 2024 are as follows:

	Attendance
Ms. Fu Xiao Nan *(chairman)*	2/3
Mr. Tang Sim Cheow	3/3
Mr. Beh Kim Ling	3/3

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") currently comprises three independent non-executive Directors, namely Mr. Tang Sim Cheow (chairman), Mr. Wan Mohd Fadzmi and Ms. Fu Xiao Nan. It was established by the Board with effect from 20 January 2002 and its duties are clearly defined in its terms of reference which have been prepared and adopted according to the Code Provisions.

The Audit Committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the Group's audit. It also reviews the annual and interim reports of the Company prior to their approval by the Board, the effectiveness of the external and internal audit and of internal controls and risk evaluation.

During the seventeen months period ended 31 December 2024, the Audit Committee has convened five meetings and conducted the following activities:

(1) reviewed the first and third quarterly results of the Company;

(2) reviewed the interim and annual report of the Company;

(3) reviewed the report of internal audit department, internal control system and financial matters of the Group in pursuance of the terms of reference;

(4) reviewed the audit findings of the external auditors of the Company;

(5) made recommendation to the Board on the re-appointment of the external auditors; and

(6) reviewed all ongoing connected transaction of the Group.

Details of attendance of each member of the Audit Committee during the seventeen months period ended 31 December 2024 are as follows:

	Attendance
Mr. Tang Sim Cheow *(chairman)*	5/5
Mr. Wan Mohd Fadzmi	3/5
Ms. Fu Xiao Nan	4/5
Mr. Diong Tai Pew *(resigned on 26 September 2023)*	1/5

There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors.

AUDITORS' REMUNERATION

During the seventeen months period ended 31 December 2024, audit and non-audit services were provided to the Group by PricewaterhouseCoopers ("PwC"), the auditor of the Company:

Services Provided	Amounts
	RMB
Annual audit	
Audit fee for the consolidated financial statements of the Group for the seventeen months period ended 31 December 2024 by PwC	2,078,000
	2,078,000
Non-audit services	
Professional services in connection with the proposed acquisition of VS Vietnam	2,751,000
Advisory services fee in respect of ESG advisory service	163,000
	4,992,000

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements for each financial period which give a true and fair view of the state of affairs of the Group. In preparing the consolidated financial statements for the seventeen months period ended 31 December 2024, the Directors have selected appropriate accounting policies and applied them consistently, and have prepared the consolidated financial statements on a going concern basis.

The statement of the external auditors about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report to the Shareholders on pages 62 to 67 of this Annual Report.

INTERNAL CONTROL

The Board acknowledges its responsibility for the risk management and internal control system of the Group and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems. Highlights of the Group's risk management and internal control systems include the following:

- code of conduct – the Company's code of conduct explicitly communicates to each employee its values, acceptable criteria for decision-making and its ground rules for behavior.

- process to identify and manage significant risks and material internal control defects – significant risks or internal control defects identified by the management during the ordinary business operation of the Group will be reported to the Board as soon as practicable for further evaluating and management. A Board meeting will be held to conduct review and evaluation on the significant risks or internal control defects and appropriate actions will be taken to control the risks or to improve the internal control defects. During the seventeen months period ended 31 December 2024, no significant risks, or material internal control failings or weaknesses have been identified by the Board or the management.

- internal audit functions – the internal audit functions of the Group have been performed by the collaboration of the Board's office, finance department, human resources department and administration office by regular financial and operational review and recommending necessary actions to the management. The works carried out by the aforesaid departments of the Company ensure the risk management and internal control measures are in place and function properly as intended. The results of the internal audit and reviews are reported to the executive Directors and the Audit Committee.

- compliance with the Listing Rules and relevant laws and regulations – the Group will continue to monitor its compliance with relevant laws and regulations and continue to arrange for various trainings to be provided by its legal advisers or other professional parties to the Directors and management on the Listing Rules, PRC laws and regulations, etc.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems. The management has reported and confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems during the seventeen months period ended 31 December 2024.

The Board, as supported by the Audit Committee as well as the management, conducted an annual review on the risk management and internal control systems, including the financial, operational and compliance controls of the Group during the seventeen months period ended 31 December 2024, to ensure the adequacy of resources, staff qualifications and experience, training programs and budget of accounting, internal audit, training reporting, etc. The Board considered that such systems and the process for financial reporting and Listing Rules compliance are effective and adequate.

The Group has adopted the Management of the Regulation of Trade Secrets which provides a general guide to the Company's directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosures and responding to enquiries. The policy is to ensure potential inside information being captured and confidentiality of such information being maintained until consistent and timely disclosure is made in accordance with the Listing Rules. The policy regulates the handling and dissemination of inside information, which includes:

- designated responsible persons and departments for managing and handling the inside information;
- specified disclosure requirements under the Listing Rules; and
- stipulated disclosure procedures.

COMPANY SECRETARY

Ms. Ng Ting On Polly is the company secretary of the Company. Her primary contact person of the Company is Mr. Beh Kim Ling, the chairman of the Company. In compliance with Rule 3.29 of the Listing Rules, Ms. Ng Ting On Polly has undertaken no less than 15 hours of relevant professional training for the seventeen months period ended 31 December 2024.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to convene an extraordinary general meeting

The following procedures for the Shareholders to convene an extraordinary general meeting ("EGM") of the Company are prepared in accordance with Article 64 of the articles of association of the Company:

(1) One or more Shareholders ("Requisitionist(s)") holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings shall have the right, by written notice, to require an EGM to be called by the Directors for the transaction of any business specified in such requisition.

(2) Such requisition shall be made in writing to the Board or the company secretary of the Company at the following:

Head office and principal place of business of the Company in Hong Kong

Address:	40th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong
Email:	corporate@vs-ig.com
Attention:	the Board of Directors/Company Secretary

Registered office of the Company

Address:	Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands
Attention:	the Board of Directors/Company Secretary

(3) The EGM shall be held within two months after the deposit of such requisition.

(4) If the Directors fail to proceed to convene such meeting within twenty-one (21) days of such deposit, the Requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the Requisitionist(s) by the Company.

Procedures for Shareholders to direct enquiries to the Company

For matters in relation to the Board, the Shareholders can contact the Company at the following:

Address:	40th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong
Email:	corporate@vs-ig.com
Tel:	(852) 2511 9002
Fax:	(852) 2511 9880
Attention:	the Board of Directors/Company Secretary

For share registration related matters, such as share transfer and registration, change of name or address, loss of share certificates or dividend warrants, the registered Shareholders can contact:

Hong Kong branch share registrar and transfer office of the Company

Computershare Hong Kong Investor Services Limited

Address:	Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Tel:	(852) 2862 8555
Fax:	(852) 2529 6087
Contact us:	www.computershare.com/hk/contact

Procedures for Shareholders to put forward proposals at Shareholders' meetings

To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her proposal ("Proposal") with his/her detailed contact information at the Company's principal place of business at 40th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong.

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Board will be asked to include the Proposal in the agenda for the general meeting.

The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

(a) At least 14 days' notice in writing if the Proposal requires approval by way of an ordinary resolution of the Company.

(b) At least 21 days' notice in writing if the Proposal requires approval by way of a special resolution of the Company in an extraordinary general meeting of the Company or an ordinary resolution of the Company in an annual general meeting of the Company.

INVESTOR RELATIONS

The Company has adopted the amended and restated memorandum and articles of association on 15 December 2022. Please refer to the circular of the Company dated 15 November 2022 for details. Save as disclosed, during the seventeen months period ended 31 December 2024, there had been no significant change in the Company's constitutional documents.

The Company believes that maintaining effective communication with the investment industry is crucial to having a deeper understanding of the Company's business and its development among investors. To achieve this goal and increase transparency, the Company will continue to adopt proactive measures to foster better investor relations and communications. As such, the purpose for the Company to formulate investor relations policies is to let investors have access to information of the Group in a fair and timely manner, so that they can make an informed decision.

The Company welcomes investors to write to the Company or send their inquiries to the Company's website (www.vs-ig.com) to share their opinions with the Board. The Company's website also discloses the latest business information of the Group to investors and the public.

The Board has conducted an annual review of the implementation and effectiveness of the investor relations policies of the Company, and considered that the policies were implemented effectively during the year.

Report of the Directors

The Directors have pleasure in submitting the Annual Report together with the consolidated financial statements of the Group for the seventeen months period ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding 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.

An analysis of the principal activities and geographical locations of the operations of the Group during the seventeen months period ended 31 December 2024 is set out in note 5 to the consolidated financial statements of the Group.

BUSINESS REVIEW

The review of the business of the Group during the year and the discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis of Results of Operations", and the description of principal risks and uncertainties facing the Group and key financial performance indicators are set out in the section headed "Management Discussion and Analysis of Results of Operations". The financial risk management objectives and policies of the Group are set out in note 3 to the consolidated financial statements. Except as disclosed in the sub-section headed "Events after the Reporting Date" under the section headed "Management Discussion and Analysis of Results of Operations", no important event affecting the Group has occurred since the end of the seventeen months period ended 31 December 2024 and up to the date of this report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

We believe that our business also depends on our ability to meet our customers' requirements in respect of safety, quality and environmental aspects. To meet our customers' requirements on safety, quality and environmental aspects, we have established safety, quality and environmental management systems. Through the systematic and effective control of our operations, compliance with safety, quality and environmental requirements can be further assured.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group has adopted internal control and risk management policies to monitor the on-going compliance with relevant laws and regulations. As far as the Board is concerned, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group is in good relationship with its employees and some policies have been carried out to make sure the employees can acquire competitive remuneration, good welfare and continuous professional training. The Group also maintains a good relationship with its customers and suppliers, without whom the production and operation success will not be guaranteed.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the seventeen months period ended 31 December 2024 is as follows:

	Percentage of the Group's total	
	Sales	Purchases
The largest customer	37%	–
Five largest customers in aggregate	92%	–
The largest supplier	–	16%
Five largest suppliers in aggregate	–	31%

At no time during the seventeen months period ended 31 December 2024 had the Directors, their close associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in these major customers and suppliers.

FINANCIAL STATEMENTS

The results of the Group for the seventeen months period ended 31 December 2024 and the state of the Group's affairs as at 31 December 2024 are set out in the consolidated financial statements of the Group on pages 68 to 152 of this Annual Report.

DIVIDENDS

The Board does not recommend the payment of a final dividend in respect of the seventeen months period ended 31 December 2024 (for the year ended 31 July 2023: Nil).

The Board adopted a dividend policy ("Dividend Policy") during the seventeen months period ended 31 December 2024. A summary of the Dividend Policy is disclosed as below.

The Board takes into account the following factors when considering the declaration and payment of dividends:

– the requirements of the Company's constitutional documents;
– the solvency requirements of the Companies Law of the Cayman Islands;
– there being sufficient amount of retained profits and share premium of the Company for the dividend payment;
– any financial covenants and other restrictions that exist with respect to certain of the Company's financing arrangements and other agreements by which the Company is bound from time to time;
– the earnings, financial position, results of operation, expansion plans, working capital requirements, and anticipated cash needs of the Company and its subsidiaries;
– the payment by subsidiaries of cash dividends to the Company; and
– other factors which the Board may deem appropriate.

The form and frequency of dividend declaration and payment shall be at the sole and absolute discretion of the Board. The Board will review the Dividend Policy, as appropriate, to ensure the compliance of the Dividend Policy and discuss and approve any revision as and when appropriate.

CHARITABLE DONATIONS

There was no charitable and other donations made by the Group during the seventeen months period ended 31 December 2024 (for the year ended 31 July 2023: nil).

FIXED ASSETS

Details of movements in fixed assets of the Group during the seventeen months period ended 31 December 2024 are set out in note 15 to the consolidated financial statements of the Group.

SHARE CAPITAL

Details of the movements in share capital of the Company during the seventeen months period ended 31 December 2024 are set out in note 27 to the consolidated financial statements of the Group.

OTHER RESERVES/(DEFICITS)

Details of movements in the other deficits of the Group are set out in the consolidated statement of changes in equity in the consolidated financial statements of the Group. Details of the movement in the reserves of the Company's individual components of equity are set out in the note 28 to the consolidated financial statements of the Group.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves available for distribution calculated in accordance with the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands amounted to RMB197,725,000 (2023: RMB212,114,000). These reserves may be distributed provided that immediately following the date on which the distribution is proposed to be made, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

DIRECTORS

The Directors during the seventeen months period ended 31 December 2024 and up to the date of this report were:–

Executive Directors

Beh Kim Ling
Beh Chern Wei
Zhang Pei Yu *(Ms. Beh Hwee Sze as his alternate)*
Gan Sem Yam *(resigned on 1 September 2023)*

Independent non-executive Directors

Tang Sim Cheow
Diong Tai Pew *(resigned on 26 September 2023)*
Fu Xiao Nan
Wan Mohd Fadzmi *(appointed on 1 September 2023)*

In accordance with article 108(A) of the Company's articles of association, not less than one-third of the Directors for the time being should retire from office by rotation at each annual general meeting. Accordingly, Ms. Fu Xiao Nan and Mr. Wan Mohd Fadzmi will retire from the Board by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election at such meeting.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Beh Kim Ling, Mr. Zhang Pei Yu and Mr. Beh Chern Wei, being all the executive Directors, has entered into a service contract with the Company for an initial term of three years commencing from the date of appointment, and is automatically renewable for successive terms of one year upon expiry of the then current term, until terminated by not less than three months' notice in writing served by either party to the other.

Mr. Tang Sim Cheow, Ms. Fu Xiao Nan and Mr. Wan Mohd Fadzmi are currently appointed as independent non-executive Directors. The appointments of Mr. Tang Sim Cheow, Ms. Fu Xiao Nan and Mr. Wan Mohd Fadzmi are for a term of one year renewable automatically for successive terms of one year until terminated by not less than two months' notice in writing served by either party to the other.

No Director proposed for re-election at the forthcoming annual general meeting of the Company has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

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

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the 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 SD 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	203,404,532 Shares (L)	8.10%
	V.S. Corporation (Hong Kong) Co., Limited ("VSHK")	Beneficial owner	3,750,000 non-voting deferred shares of HK$1 each (L)	5.00%
	VS Berhad	Beneficial owner	298,471,886 ordinary shares (L) (Note 3)	7.71%

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	41,111,960 Shares (L)	1.64%
	VSHK	Beneficial owner	1,250,000 non-voting deferred shares of HK$1 each (L)	1.67%
	VS Berhad	Beneficial owner	124,121,150 ordinary shares (L)	3.21%
Beh Hwee Sze	The Company	Beneficial owner	30,206,960 Shares (L)	1.20%
	VS Berhad	Beneficial owner	138,667,412 ordinary shares (L)	3.58%
Tang Sim Cheow	The Company	Beneficial owner	639,130 Shares (L)	0.03%

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

Notes:

1. Mr. Beh Kim Ling is father of both Mr. Beh Chern Wei and Ms. Beh Hwee Sze.

2. The letter "L" represents the Director's long position interest in the shares and underlying shares of the Company or its associated corporations.

3. 1,620,000 of these shares would be allotted and issued upon exercise in full of the outstanding share options granted by VS Berhad at the exercise price RM0.87 per share during a period of 3 years from 17 May 2022 to 11 May 2025.

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 SD 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 seventeen months period ended 31 December 2024 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 TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Apart from the related party transactions as disclosed in note 31 to the consolidated financial statements of the Group, no transaction, arrangement and 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 seventeen months period ended 31 December 2024 or at any time during the seventeen months period ended 31 December 2024.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2024, the following persons or entities, 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 1)	Nature of interest/capacity	Approximate percentage of Interest
VS Berhad	845,344,130 (L)	Beneficial owner	33.66%
B&E Holding Limited	203,571,429 (L)	Beneficial owner	8.11%
Beh Kim Siea	203,571,429 (L)	Interest in controlled corporation (Note 2)	8.11%
Lui Chong Huat	185,437,833 (L)	Beneficial owner	7.38%
Wan Poh Ping	185,437,833 (L)	Interest of spouse (Note 3)	7.38%
Wu Jeff Jan-Yuan	30,206,960 (L)	Interest of spouse (Note 4)	1.20%

Notes:

1. The letter "L" represents the shareholder's long position interest in the shares of the Company.

2. B&E Holding Limited is wholly-owned by Mr. Beh Kim Siea. Under the SFO, Mr. Beh Kim Siea is deemed to be interested in all the shares of the Company in which B&E Holding Limited is interested.

3. Ms. Wan Poh Ping is the spouse of Mr. Lui Chong Huat. Under the SFO, Ms. Wan Poh Ping is deemed to be interested in all the shares of the Company in which Mr. Lui Chong Huat is interested.

4. Mr. Wu Jeff Jan-Yuan is the spouse of Ms. Beh Hwee Sze. Under the SFO, Mr. Wu Jeff Jan-Yuan is deemed to be interested in all the shares of the Company in which Ms. Beh Hwee Sze is interested.

CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS

No contract of significance had been entered into between the Company or any of its subsidiaries and the controlling shareholder or any of its subsidiaries for the seventeen months period ended 31 December 2024.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the seventeen months period ended 31 December 2024.

PERMITTED INDEMNITY PROVISION

The Company has arranged the appropriate insurance cover for Director's and officer's liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) when the Report of the Directors prepared by the Directors is approved in accordance with section 391(1)(a) of the Companies Ordinance.

CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

Details of the related party transactions for the seventeen months period ended 31 December 2024 are set out in note 31 to the consolidated financial statements of the Group. None of those related party transactions constituted a connected transaction or continuing connected transaction which is required to be disclosed in this Annual Report in accordance with the requirements of Chapter 14A of the Listing Rules.

During the seventeen months period ended 31 December 2024, save as the Acquisition (as defined above), the Group did not enter into any connected transactions or continuing connected transactions which are required to be disclosed in this Annual Report in accordance with the requirements of Chapter 14A of the Listing Rules.

Very substantial acquisition and connected transaction (the Acquisition)

References are made to the Company's (i) announcement dated 21 February 2024; and (ii) circular dated 24 May 2024, where capitalised terms used herein shall have the same meanings as those defined in the Announcement and the Circular:

On 21 February 2024, V.S. Holding and B&E entered into the Sale and Purchase Agreement pursuant to which V.S. Holding conditionally agreed to acquire and B&E conditionally agreed to sell the Sale Shares, being approximately 43.29% of the issued share capital of the Target Company, at the Consideration of HK$69.00 million. The Consideration shall be satisfied by (i) payment in cash of HK$12.00 million; and (ii) the allotment and issue of Consideration Shares (being 203,571,429 ordinary shares of the Company) at the issue price of HK$0.28 per Consideration Share on the Completion Date.

CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS (CONTINUED)

Very substantial acquisition and connected transaction (the Acquisition) (CONTINUED)

The issue price of HK$0.28 per Consideration Share represented a premium of approximately 191.67% over the closing price of HK$0.096 per Share as quoted on the Stock Exchange on date of the Sale and Purchase Agreement. The aggregate nominal value of share capital for the Consideration Shares was approximately HK$10.18 million.

B&E was wholly owned by Mr. Beh Kim Siea, brother of Mr. Beh Kim Ling, an executive Director and the chairman of the Board. Accordingly, B&E was an associate of Mr. Beh Kim Ling and was therefore a connected person of the Company under Chapter 14A of the Listing Rules. Thus, the Acquisition constituted a connected transaction for the Company under Chapter 14A of the Listing Rules. Pursuant to the Sale and Purchase Agreement, as the Call Option would be granted by B&E, a connected person of the Company, the grant of the Call Option also constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

NON-COMPETITION UNDERTAKINGS

In order to delineate the businesses of VS Berhad and its subsidiaries ("Berhad Group") and those of the Group clearly and to regulate their respective activities with their customers, VS Berhad and the Company has given each other certain non-compete undertakings under a territorial delineation agreement ("Territorial Agreement") dated 20 January 2002, particulars of which are set out under "Relationship with the Group" in the section headed "Information on VS Berhad" in the Company's prospectus dated 28 January 2002.

On 1 June 2018, the Company and VS Berhad entered into a supplemental agreement ("Supplemental Territorial Agreement") to amend the Territorial Agreement, particulars of which are set out in the announcement of the Company dated 1 June 2018 and the circular of the Company dated 16 July 2018.

The Supplemental Territorial Agreement was approved by independent Shareholders and became effective on 3 August 2018, and had expired in 2022.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association although there are no restrictions against such rights under the law in the Cayman Islands.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the seventeen months period ended 31 December 2024, (i) neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities; and (ii) the Company did not hold any treasury shares.

FIVE YEARS SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 156 of this report.

PROPERTIES

Particulars of the major properties and property interests of the Group are shown on page 155 of this report.

RETIREMENT SCHEMES

Particulars of the retirement schemes of the Group are set out in note 11 to the consolidated financial statements of the Group.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") was established by the Board on 20 January 2002 and was re-constituted on 30 September 2004 and 24 March 2012 respectively. The role, function and composition of the Audit Committee are set out on page 44 of this report.

The Audit Committee has reviewed the Group's financial statements for the seventeen months period ended 31 December 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.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive Directors confirmation of his/her independence from the Group and the Company considers each of them to be independent pursuant to Rule 3.13 of the Listing Rules despite the fact that Mr. Tang Sim Cheow has served as an independent non-executive Director for more than nine years.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the best knowledge of the Directors at the date of this report, there was a sufficient prescribed public float of the issued Shares under the Listing Rules at any time during the seventeen months period ended 31 December 2024.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the shareholders of the Company by reason of their holding of the Company's listed securities.

AUDITORS

PricewaterhouseCoopers will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company. A resolution for the re-appointment of PricewaterhouseCoopers as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company. There has been no change in the auditors of the Company in any of the preceding three years.

By order of the Board

Beh Kim Ling
Chairman
Johor Bahru, Malaysia
20 March 2025

Independent Auditor's Report

羅兵咸永道

To the Shareholders of V.S. International Group Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of V.S. International Group Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 68 to 152, comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated income statement for the period from 1 August 2023 to 31 December 2024;
- the consolidated statement of comprehensive income for the period from 1 August 2023 to 31 December 2024;
- the consolidated statement of changes in equity for the period from 1 August 2023 to 31 December 2024;
- the consolidated statement of cash flows for the period from 1 August 2023 to 31 December 2024; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the period from 1 August 2023 to 31 December 2024 in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
Tel: +852 2289 8888, Fax: +852 2810 9888, www.pwchk.com

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in our audit is related to:

- Impairment of property, plant and equipment and right-of-use assets under cash generating units ("CGUs") located in the PRC

- Step acquisition of an associate

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of property, plant and equipment and right-of-use assets under CGUs located in the PRC Refer to Note 4(a) and Note 15 to the consolidated financial statements. The Group had RMB34,249,000 and RMB1,288,000 property, plant and equipment ("PPE") and right-of-use assets ("ROU") under the CGUs located in the PRC before impairment as at 31 December 2024, respectively. Management carried out an impairment assessment on its PPE and ROU when there were indicators of impairment. The carrying amounts of the PPE and ROU were written down to its recoverable amount when the asset's carrying amount is greater than its estimated recoverable amount which is determined at the higher of fair value less cost of disposal or value-in-use. For the PPE of solar power cash generating unit with a carrying value of RMB26,149,000 (before impairment as at 31 December 2024), the recoverable amounts were determined based on the fair value less costs of disposal by making reference to price quotation obtained from a third-party. For the seventeen months period ended 31 December 2024, impairment losses of PPE of solar power of RMB15,828,000 were recognised in the consolidated income statement.	Our key procedures in relation to management's assessment of the impairment of property, plant and equipment and right-of-use assets included: – Obtained an understanding of the management's internal control and assessment process of impairment of PPE and ROU and assessed the inherent risk of material misstatement; – Evaluated management's identification of impairment indicators and cash generating units ("CGUs") and whether the assets generate cash inflows that are largely independent, based on our understanding of the Group's business; – Obtained management's impairment assessment which involves discounted cash flows ("DCF"). We evaluated the DCF by testing the mathematical accuracy and assessed the reasonableness of key assumptions (such as unit price in revenue projection and pre-tax discount rate) applied in value-in-use calculations by comparing them to historical information and our understanding of latest market conditions;

Key Audit Matter (Continued)

Other than the abovementioned PPE, management also identified certain machinery and equipment (included in PPE and ROU) in manufacturing CGU with a carrying amount of RMB9,388,000 (before impairment as at 31 December 2024), which are not expected to be used for production in the future. Management estimated the recoverable amount based on their fair value less costs of disposal by making reference to price quotation obtained from a third-party buyer. For the seventeen months period ended 31 December 2024, impairment losses of PPE and ROU, were fully recognised in the consolidated income statement.

We focused on this area because significant judgement and estimation were involved in determining the recoverable amounts of the PPE and ROU.

How our audit addressed the Key Audit Matter (Continued)

Our key procedures in relation to management's assessment of the impairment of property, plant and equipment and right-of-use assets included (Continued):

– Obtained management's impairment assessment which involves price quotation from the third party buyer and evaluated the reasonableness by, on sample basis, comparing the quotation to historical transaction prices;

– Obtained management's impairment assessment in determining the recoverable amounts based on the higher of results from determining fair value less cost of disposal and value-in-use and assessed the reasonableness; and

– Evaluated the outcomes of prior period impairment assessments to assess the effectiveness of the management's estimation process.

Based on our work performed, we found the impairment provision made by management to be supported by available audit evidence.

Key Audit Matter (Continued)

Step acquisition of an associate

Refer to Note 6 and Note 9 to the consolidated financial statements.

During the seventeen months period ended 31 December 2024, the Group acquired additional interest of 43.29% in VS Industry Vietnam Joint Stock Company ("VS Vietnam"). Upon completion of the step acquisition on 15 July 2024, the Group's effective equity interest in VS Vietnam increased from 18.74% to 62.03%, the Group acquired control over VS Vietnam and it became a subsidiary. The Group carried out a purchase price allocation by comparing the fair value of the net identifiable assets acquired with the purchase consideration and recognised a gain on bargain purchase of RMB47,475,000 in the consolidated income statement for the seventeen months period ended 31 December 2024.

The Group has engaged an independent professional valuer to carry out the purchase price allocation. In the purchase price allocation, significant management's judgement and estimate were involved in determining the fair value of the identifiable assets and liabilities assumed as well as the fair value of the Group's previously held interest in VS Vietnam as part of the purchase consideration.

We focused on this area due to the significance of the financial impacts of the step acquisition to the consolidated income statement for the seventeen months period ended 31 December 2024 and significant management's judgement and estimate were involved in determining the fair value of the relevant items in the purchase price allocation.

How our audit addressed the Key Audit Matter (Continued)

We have performed the following procedures in relation to the purchase price allocation of the step acquisition of VS Vietnam:

– Inspected the transaction documents relating to the step acquisition of VS Vietnam;

– Assessed the competency, objectivity and independence of the external professional valuer engaged by the Group for the purchase price allocation;

– Discussed with the external professional valuer to understand and to evaluate their scope of work and the valuation methodologies adopted, as well as the basis of the key assumptions adopted in their assessment of fair values relevant to the purchase price allocation;

– Evaluated management's identification of assets acquired and liabilities assumed of VS Vietnam and assessed the reasonableness of the underlying assumptions adopted in the preparation of the forecast of VS Vietnam adopted in determining the fair value of the previously held interest of VS Vietnam;

– Carried out assessment and evaluation, with the assistance of our internal valuation experts, of the appropriateness of the valuation methodologies and the inputs, and the reasonableness of the key assumptions (such as discount rate) applied in determining the fair value of the previously held interest in VS Vietnam and the identifiable assets and liabilities assumed of VS Vietnam as of the acquisition date;

– Tested the arithmetical accuracy in the calculation of the gain on bargain purchase; and

– Evaluated management's re-assessment of the purchase price allocation for the gain on a bargain purchase recognised.

Based on our work performed, we found that the key judgement and assumptions made by management in relation to purchase price allocation for step acquisition of interest in VS Vietnam to be reasonable.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Yuen Kwok Kin Andrew.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 March 2025

Consolidated Income Statement

For the seventeen months period ended 31 December 2024

	Note	Seventeen months period ended 31 December 2024 RMB'000	Year ended 31 July 2023 RMB'000
Revenue	5	**239,153**	76,443
Cost of sales		**(204,676)**	(64,932)
Gross profit		**34,477**	11,511
Other income	6	**5,735**	4,517
Other losses – net	6	**(17,692)**	(9,337)
Distribution costs		**(4,424)**	(1,659)
General and administrative expenses		**(67,722)**	(28,789)
Gain on bargain purchase	9	**47,475**	–
Provision for impairment on financial assets		**(13,312)**	(27)
Operating loss	7	**(15,463)**	(23,784)
Finance income		**1,680**	921
Finance costs		**(5,267)**	(1,831)
Finance costs – net	8	**(3,587)**	(910)
Share of net profit of an associate accounted for using the equity method	19	**4,094**	2,402
Reversal of impairment on investment accounted for using the equity method	19	**9,179**	–
Loss before income tax		**(5,777)**	(22,292)
Income tax expense	10	**(4,259)**	(28)
Loss for the period/year		**(10,036)**	(22,320)

The notes on pages 76 to 152 are an integral part of these consolidated financial statements.

	Note	Seventeen months period ended 31 December 2024 RMB'000	Year ended 31 July 2023 RMB'000
Attributable to:			
Owners of the Company		**(16,087)**	(22,320)
Non-controlling interests		**6,051**	–
Loss for the period/year		**(10,036)**	(22,320)
Loss per share attributable to owners of the Company during the period/year			
Basic and diluted	14	**(0.68)**	(0.97)

The notes on pages 76 to 152 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the seventeen months period ended 31 December 2024

	Note	**Seventeen months period ended 31 December 2024 RMB'000**	Year ended 31 July 2023 RMB'000
Loss for the period/year		**(10,036)**	(22,320)
Other comprehensive loss for the period/year			
Item that may be reclassified to profit or loss:			
Currency translation differences		**955**	467
Item that will not be reclassified subsequently to profit or loss:			
Surplus on revaluation of properties upon transfer to investment properties	16	**311,683**	–
Deferred tax debited to asset revaluation reserve	26	**(77,921)**	–
Fair value gain/(loss) on financial asset at fair value through other comprehensive income	17	**450**	(800)
Total comprehensive income/(loss) for the period/year		**225,131**	(22,653)
Attributable to:			
Owners of the Company		**219,080**	(22,653)
Non-controlling interests		**6,051**	–
Total comprehensive income/(loss) for the period/year		**225,131**	(22,653)

The notes on pages 76 to 152 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2024

	Note	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15(a)	**142,821**	185,289
Right-of-use assets	15(b)	**44,953**	13,065
Investment properties	16	**455,900**	–
Other receivables, deposits and prepayments	21	**981**	–
Deferred income tax assets	26	**5,537**	–
Financial asset at fair value through other comprehensive income	17	**–**	2,300
Investment accounted for using the equity method	19	**–**	10,365
		650,192	211,019
Current assets			
Inventories	20	**86,037**	8,057
Trade and other receivables, deposits and prepayments	21	**73,208**	26,226
Amounts due from related parties	31(b)	**–**	948
Restricted bank balances	22	**13,198**	–
Cash and cash equivalents	23	**53,632**	85,457
		226,075	120,688
Total assets		**876,267**	331,707
EQUITY			
Capital and reserves			
Share capital	27	**114,351**	105,013
Share premium	27	**310,099**	306,364
Other reserves/(deficits)	28	**87,005**	(132,075)
Total equity attributable to owners of the Company		**511,455**	279,302
Non-controlling interests		**65,732**	–
Total equity		**577,187**	279,302

The notes on pages 76 to 152 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2024

	Note	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
LIABILITIES			
Non-current liabilities			
Loans from a director	31	**18,321**	–
Borrowings	25	**4,649**	–
Lease liabilities	15(b)	**11,659**	–
Employee benefit obligations		**2,824**	–
Deferred income tax liabilities	26	**82,802**	920
		120,255	920
Current liabilities			
Trade and other payables	24	**81,351**	15,948
Contract liabilities	24	**4,379**	–
Loans from a director	31	**10,382**	35,108
Borrowings	25	**64,803**	–
Lease liabilities	15(b)	**6,149**	–
Amounts due to related parties	31	**4,307**	429
Tax payable		**7,454**	–
		178,825	51,485
Total liabilities		**299,080**	52,405
Total equity and liabilities		**876,267**	331,707

The consolidated financial statements on pages 68 to 152 were approved by the Board and Directors on 20 March 2025 and were signed on its behalf.

Beh Kim Ling
Chairman

Beh Chern Wei
Managing Director

The notes on pages 76 to 152 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the seventeen months period ended 31 December 2024

	Share capital RMB'000	Share premium RMB'000	Capital reserves RMB'000	Statutory reserve fund RMB'000	Foreign currency translation reserve RMB'000	Asset revaluation reserve RMB'000	Financial asset at fair value through other comprehensive income reserve RMB'000	Accumulated losses RMB'000	Non – controlling interests RMB'000	Total RMB'000
At 1 August 2022	105,013	306,364	11,752	61,995	–	–	(5,098)	(178,071)	–	301,955
Comprehensive loss										
Loss for the year	–	–	–	–	–	–	–	(22,320)	–	(22,320)
Other comprehensive loss										
Changes in value on financial asset at fair value through other comprehensive income	–	–	–	–	–	–	(800)	–	–	(800)
Currency translation differences	–	–	–	–	467	–	–	–	–	467
Total comprehensive loss	–	–	–	–	467	–	(800)	(22,320)	–	(22,653)
Reclassification of statutory reserve fund to accumulated losses upon the derecognized of PRC subsidiaries	–	–	–	(18)	–	–	–	18	–	–
At 31 July 2023	105,013	306,364	11,752	61,977	467	–	(5,898)	(200,373)	–	279,302

The notes on pages 76 to 152 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the seventeen months period ended 31 December 2024

	Share capital RMB'000	Share premium RMB'000	Capital reserves RMB'000	Statutory reserve fund RMB'000	Foreign currency translation reserve RMB'000	Asset revaluation reserve RMB'000	Financial asset at fair value through other comprehensive income reserve RMB'000	Accumulated losses RMB'000	Non – controlling interests RMB'000	Total RMB'000
At 1 August 2023	105,013	306,364	11,752	61,977	467	–	(5,898)	(200,373)	–	279,302
Comprehensive (loss)/income										
(Loss)/income for the period	–	–	–	–	–	–	–	(16,087)	6,051	(10,036)
Other comprehensive income/(loss)										
Disposal of financial asset at fair value through other comprehensive income	–	–	–	–	–	–	5,898	(5,898)	–	–
Currency translation differences	–	–	–	–	955	–	–	–	–	955
Surplus on revaluation of properties upon transfer to investment properties	–	–	–	–	–	311,683	–	–	–	311,683
Deferred tax debited to asset revaluation reserve	–	–	–	–	–	(77,921)	–	–	–	(77,921)
Transfer to retained earnings	–	–	–	–	–	–	–	450	–	450
Total comprehensive income/(loss)	–	–	–	–	955	233,762	5,898	(21,535)	6,051	225,131
Consideration shares issue	9,338	3,735	–	–	–	–	–	–	–	13,073
Step acquisition of VS Industry Vietnam Joint Stock Company	–	–	–	–	–	–	–	–	59,681	59,681
At 31 December 2024	114,351	310,099	11,752	61,977	1,422	233,762	–	(221,908)	65,732	577,187

The notes on pages 76 to 152 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the seventeen months period ended 31 December 2024

	Note	Seventeen months period ended 31 December 2024 RMB'000	Year ended 31 July 2023 RMB'000
Cash flows from operating activities			
Cash (used in)/generated from operations	32(a)	**(2,958)**	13,683
Income tax paid		**(1,059)**	(116)
Net cash (used in)/generated from operating activities		**(4,017)**	13,567
Cash flows from investing activities			
Payments for the purchase of property, plant and equipment		**(9,839)**	–
Proceeds from disposal of property, plant and equipment	32(b)	**2,170**	2,671
Net cash inflow from step acquisition of VS Industry Vietnam Joint Stock Company	9	**26,767**	–
Interest received		**1,680**	921
Net cash generated from investing activities		**20,778**	3,592
Cash flows from financing activities			
Decrease in loans from a director	32(c)	**(26,864)**	(4,477)
Repayment of bank loans	32(c)	**(15,598)**	–
Lease payment	32(c)	**(2,318)**	–
Decrease in restricted bank balances		**(99)**	6,000
Interest expenses		**(5,267)**	(1,831)
Net cash used in financing activities		**(50,146)**	(308)
Net (decrease)/increase in cash and cash equivalents		**(33,385)**	16,851
Cash and cash equivalents at beginning of period/year		**85,457**	68,606
Effect of foreign exchange rate changes		**1,560**	–
Cash and cash equivalents at end of period/year	23	**53,632**	85,457

The notes on pages 76 to 152 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

V.S. International Group Limited (the "Company") and its subsidiaries (collectively, the "Group") are principally engaged in the manufacturing and sales 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 has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost basis, except for financial asset at fair value through other comprehensive income and investment properties, which is measured at fair value.

(a) Change of financial year end date

On 9 August 2024, the board of directors has resolved to change the financial year end date of the Company from 31 July to 31 December. The financial year end date of the Company is 31 December 2024 and the audited consolidated financial statements of the Company covers a period of seventeen months from 1 August 2023 to 31 December 2024. The comparative figures, however, cover a period of twelve months from 1 August 2022 to 31 July 2023, and hence are not directly comparable.

(b) New standards, amendments to existing standards and interpretations adopted by the Group

The Group has applied the following new standard and amendments to existing 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 standard and amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(c) 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	New standards, amendments	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 9 and HKFRS 7 (Amendments)	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 (Amendments)	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HK Int 5 (Amendments)	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The above new standards and amendments to existing standards do not expect to have a material impact on the consolidated financial statements of the Group. The Group will adopt the new standards and amendments to existing standards and interpretation when they become effective.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting

(a) Business Combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

(i) fair values of the assets transferred,

(ii) equity interests issued by the Group,

(iii) fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

(i) consideration transferred,

(ii) amount of any non-controlling interest in the acquired entity, and

(iii) acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting (Continued)

(b) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(c) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (d) below), after initially being recognised at cost.

(d) Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the acquiree in profit or loss, and the Group's share of movements in other comprehensive income of the acquiree in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.6.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting (Continued)

(e) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(f) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the most senior executive management who make strategic decisions.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

All foreign exchange gains and losses are presented in the consolidated income statement.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

Fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency translation (Continued)

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to consolidated income statement.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in consolidated income statement. For all other partial disposals (that is, reductions in the Group's ownership interests in associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange difference is reclassified to consolidated income statement.

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost of each asset to their residual values (if any) over their estimated useful lives as follows:

Leasehold land and buildings	the shorter of the unexpired term of lease and 50 years
Leasehold improvements	the shorter of the unexpired term of lease and 10 years
Plant, moulds and machinery	2 to 12 years
Power generating machinery and equipment	8 to 15 years
Office equipment, furniture and fixtures	3 to 8 years
Motor vehicles	5 to 12 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (Continued)

Construction-in-progress represents buildings, plant and machinery under construction or pending installation and is stated at cost. Cost includes the costs of construction of buildings, the costs of plant and machinery, installation, testing and other direct costs. No depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. When the relevant assets are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement.

2.6 Investment properties

Investment properties are interests in land and buildings (including the right-of-use assets) held to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and properties which are constructed for future use as investment properties.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions as at the end of the reporting period. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life, for example, goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Investments and other financial assets (Continued)

(c) Measurement

Equity Instruments

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in "other losses – net" in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.1(b) for further details.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty. There are no offsetting financial instruments as at 31 December 2024 (as at 31 July 2023: same).

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

Provision is made, when necessary, for obsolete, slow-moving and defective inventory items. The difference between the provision of this period and the provision of the previous period is recognised as an increase or decrease in cost of goods sold in the period.

2.11 Trade receivables, other receivables and prepayments

Receivables represent trade receivables from customers arising from sales of goods and rendering of services or non-trade receivables from others and are stated at cost. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 3.1 for a description of the Group's impairment policies.

Prepayments include short-term and long-term prepayments on the consolidated statement of financial position. Short-term prepayments reflect prepayments for raw materials and services for a period not exceeding 12 months or a business cycle from the date of prepayments. Long-term prepayments reflect prepayments for fixed assets.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Contract liabilities

A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration.

2.13 Restricted bank balance

Cash that restricted from withdrawal, use or pledged as security is reported separately on the face of the consolidated statement of financial position, and is not included in the total cash and cash equivalents in the consolidated statements of cash flow. The Group's restricted bank balance mainly represents the deposits restricted in relation to bank borrowings.

2.14 Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with banks less bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables, other payables and accruals are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables, other payables and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.18 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.19 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in the other comprehensive income or directly in equity. In this case the tax is also recognised in the other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.20 Employee benefits

(a) Pension obligations

The Group participates in various defined contribution retirement benefit plans which are available to all relevant employees. These plans are generally funded through payments to schemes established by government or trustee-administered funds. A defined contribution plan is a pension plan under which the Group pays contributions on a mandatory, contractual or voluntary basis into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefit relating to employee service in the current and prior periods.

All contributions to pension plans are fully and immediately vested and the Group had no unvested benefits available to reduce its future contributions.

(b) Bonus plan

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

(c) Provision for severance allowance

In accordance with Vietnamese Labour laws, employees of the Group who have worked regularly for full 12 months or longer, are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Group less the period during which the employee participates in the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Group. This allowance will be paid as a lump sum when the employees terminate their labour contracts in accordance with current regulations.

The liability recognised in the consolidated statement of financial position is the present value of the provision for severance allowance at the end of the reporting period on the basis that each employee is entitled to half of an average monthly salary for each working year. The average monthly salary used for calculating the severance allowance is the employee's average salary for the six-month period prior to the retirement date.

The present value of the provision for severance allowance is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the consolidated statements of profit or loss.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense within "finance costs" in the consolidated income statement.

2.22 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.22 Leases (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option or the Group will obtain the ownership at the end of the lease term, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases is recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2.23 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

Revenue is recognised when or as the control of the products is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the products may be transferred over time or at a point in time.

Control of the goods is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.23 Revenue recognition (Continued)

(a) Sales of goods (Continued)

If control of the goods transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, control of the goods is transferred at a point in time, being products are delivered to the customers, the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customers.

(b) Interest income

Interest income is recognised on a time basis on the principal outstanding at the applicable interest rate.

2.24 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Group's risk management is predominantly controlled by senior management of the Group under policies approved by the board of directors. The Group's treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas. The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk, and cash flow and fair value interest-rate risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign exchange risk

The Group mainly operates in Mainland China and Vietnam with most of the transactions settled in United States dollars ("US$"), RMB, Hong Kong dollars ("HK$") and Vietnam Dong ("VND"). Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk from various currency exposures, primarily with respect to US$.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Foreign exchange risk (Continued)

	US$		HK$		VND		SGD	
	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000	**At 31 December 2024 RMB'000**	At 31 July 2023 RMB'000	**At 31 December 2024 RMB'000**	At 31 July 2023 RMB'000	**At 31 December 2024 RMB'000**	At 31 July 2023 RMB'000
Trade and other receivables	**69,641**	6,670	**137**	622	**2,033**	–	**–**	–
Bank deposits	**–**	3,922	**–**	5,486	**–**	–	**–**	–
Amounts due from related parties	**–**	648	**–**	–	**–**	–	**–**	–
Cash and cash equivalents	**27,098**	39,063	**757**	5,747	**2,266**	–	**–**	–
Restricted bank balances	**11,865**	–	**–**	–	**1,333**	–	**–**	–
Trade and other payables	**(46,023)**	(4,167)	**(937)**	(1,244)	**(26,683)**	–	**–**	–
Contract liabilities	**–**	–	**–**	–	**(4,379)**	–	**–**	–
Loans from a director	**(17,324)**	(21,392)	**(7,866)**	(13,716)	**–**	–	**(3,513)**	–
Amounts due to related parties	**(4,166)**	(250)	**(141)**	(179)	**–**	–	**–**	–
Borrowings	**(61,888)**	–	**–**	–	**(7,564)**	–	**–**	–
Lease liabilities	**(6,175)**	–	**–**	–	**(11,633)**	–	**–**	–
Overall net exposure	**(26,972)**	24,494	**(8,050)**	(3,284)	**(44,627)**	–	**(3,513)**	–

At 31 December 2024, if RMB had weakened/strengthened by 5% against US$, with all other variables held constant, post-tax loss for the year would have been approximately RMB1,092,000 higher/lower (as at 31 July 2023: post-tax loss for the year would have been approximately RMB859,000 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.

At 31 December 2024, if RMB had weakened/strengthened by 5% against HK$, with all other variables held constant, post-tax loss for the year would have been approximately RMB336,000 higher/lower (as at 31 July 2023: post-tax loss for the year would have been approximately RMB140,000 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.

At 31 December 2024, if RMB had weakened/strengthened by 5% against VND, with all other variables held constant, post-tax loss for the year would have been approximately RMB1,785,000 higher/lower (as at 31 July 2023: nil), 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.

At 31 December 2024, if RMB had weakened/strengthened by 5% against SGD, with all other variables held constant, post-tax loss for the year would have been approximately RMB141,000 higher/lower (as at 31 July 2023: nil), 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.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk arises from cash at banks, trade receivables, contract assets, deposits and other receivables.

(i) Risk Management

The carrying amounts of cash at banks, restricted bank balances, bank deposits, trade receivables, deposits and other receivables, and amounts due from related parties included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets. As at 31 December 2024, 15% (as at 31 July 2023: 60%) and 100% (as at 31 July 2023: 100%) of the trade receivables are due from the Group's largest customer and the five largest customers, respectively.

To manage its credit risk, the Group has policies in place to ensure that products are sold to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. Normally the Group does not require collaterals from trade debtors.

Management makes periodic collective assessment as well as individual assessment on the recoverability of trade and other receivables and amounts due from related parties based on historical payment records, the length of the overdue period, the financial strength of the trade and other debtors, and whether there are any disputes with the relevant debtors. The Group believes that adequate provision for doubtful debts has been made in the consolidated financial statements.

Cash and cash equivalents and restricted bank balances are also subject to the impairment requirements under HKFRS 9, yet the identified impairment loss is immaterial because the Group only transacts with state-owned or reputable financial institutions in the PRC and Vietnam and reputable international financial institutions outside of the PRC and Vietnam with credit rating ranges from BB+ to AA-.

(ii) Impairment of financial assets

Trade receivables

Trade receivables of the Group are subject to the expected credit loss model. The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on the nature of customer accounts, shared credit risk characteristics and the days past due.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

The expected loss rates are based on the payment profiles of sales over 12 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product index of Vietnam, export index and consumer price index to be the most relevant factors, and accordingly adjusts the historical loss rate based on expected changes of these factors.

On that basis, the loss allowances for trade receivables as at 31 December 2024 and 31 July 2023 were as follows:

As at 31 December 2024	**Current RMB'000**	**1-30 days past due RMB'000**	**31-90 days past due RMB'000**	**Over 90 days past due RMB'000**	**Total RMB'000**
Expected loss rate	**0.03%**	**2.00%**	**3.00%**	**8.37%**	
Gross carrying amount –Trade receivables	**44,218**	**9,672**	**15,066**	**1,466**	**70,422**
Loss allowance	**13**	**193**	**452**	**123**	**781**

As at 31 July 2023	Current RMB'000	1-30 days past due RMB'000	31-90 days past due RMB'000	Over 90 days past due RMB'000	Total RMB'000
Expected loss rate	0.03%	2.01%	–	–	
Gross carrying amount –Trade receivables	10,306	2,040	–	–	12,346
Loss allowance	3	41	–	–	44

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

The loss allowances for trade receivables as at 31 December 2024 and 31 July 2023 reconcile to the opening loss allowances as follows:

	Contract assets		Trade receivables	
	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000	**At 31 December 2024 RMB'000**	At 31 July 2023 RMB'000
Opening loss allowance	**–**	1	**44**	315
(Decrease)/increase in loss allowance recognised in profit or loss during the period/year	**–**	(1)	**737**	28
Receivables written off during the period/year as uncollectible	**–**	–	**–**	(299)
Closing loss allowance	**–**	–	**781**	44

Other financial assets at amortised costs

Other financial assets at amortised cost include other receivables excluding prepayments. The credit quality of other financial assets at amortised cost has been assessed with reference to historical information about the counterparties default rates and financial position of the counterparties.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets and contract assets (Continued)

Other financial assets at amortised costs (Continued)

Other receivables

Other receivables include deposits and other receivables excluding prepayments etc. Management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables, based on historical settlement records and past experience.

The Group accounts for their credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of debtors and adjusts for forward-looking information on index variances of both gross domestic product and consumer price index at the end of each reporting period. During the seventeen months period ended 31 December 2024, impairment losses of other receivables of RMB12,575,000 were recognised in the consolidated income statement.

The directors of the Company believe that there was no material credit risk inherent in the Group's outstanding balance of deposits and other receivables.

Cash and cash equivalents and restricted bank balance

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

(c) Liquidity risk

Prudent liquidity management, after considering the expected market conditions and the global health issues, implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities, and funds generated from operating activities.

The Group's primary cash requirements have been for additions to and upgrades on property, plant and equipment, settlement of borrowings, payment for trade and other payables and payment for operating expenses. The Group mainly finances its working capital requirements through a combination of internal resources and loans from a director, as necessary.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure it maintains sufficient cash and cash equivalents and adequate amount of committed credit facilities to meet its liquidity requirements in the short and long term.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, including interest payments computed using contractual rates, based on the earliest date on which the Group can be required to pay.

	On demand RMB'000	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
At 31 December 2024					
Loans from a director (including interest payments)	**–**	**10,932**	**18,637**	**–**	**29,569**
Trade and other payables	**–**	**55,091**	**–**	**–**	**55,091**
Amounts due to related parties	**4,307**	**–**	**–**	**–**	**4,307**
Borrowings	**–**	**66,498**	**4,623**	**282**	**71,404**
Lease liabilities	**–**	**7,480**	**6,137**	**8,172**	**21,789**
At 31 July 2023					
Loans from a director (including interest payments)	–	36,499	–	–	36,499
Trade and other payables	–	13,204	–	–	13,204
Amounts due to related parties	429	–	–	–	429

(d) Cash flow and fair value interest-rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets except for the restricted bank balances and cash and cash equivalents, details of which are disclosed in Note 22 and 23. The Group's exposure to changes in interest rates is mainly attributable to its loans from a director, details of which are disclosed in Note 31. Borrowings carried at floating rates expose the Group to cash flow interest rate risk while those carried at fixed rates expose the Group to fair value interest-rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

As at 31 December 2024 and 31 July 2023, the Group has no borrowings carried at floating rates.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Fair value estimation

Certain financial instruments of the Group are measured at fair values. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy.

- 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 or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to estimate the fair value of an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The carrying amounts of the Group's other current financial assets, including cash and cash equivalents, restricted bank balances, trade and other receivables and amounts due from related parties, and the Group's current financial liabilities including trade and other payables, amounts due to related parties and borrowings, approximate their fair values due to their short maturities. Non-current financial liabilities, including loans from a director approximate to their fair value as the interest rates approximately equal to market interest rates.

There was no transfer of financial assets and liabilities in the fair value hierarchy classifications for the seventeen months period ended 31 December 2024 and for the year ended 31 July 2023.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Fair value estimation (Continued)

The following table presents the Group's financial assets that are measured at fair value as at 31 December 2024 and 31 July 2023.

	At 31 December 2024			
	Level 1 RMB'000	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Asset				
Financial asset at fair value through other comprehensive income	–	–	–	–

	At 31 July 2023			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Asset				
Financial asset at fair value through other comprehensive income	–	–	2,300	2,300

3.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payments to shareholders, return capital to shareholders, issue new shares or obtain new bank borrowings.

The Group also monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position), lease liabilities and loans from a director less cash and cash equivalents and restricted bank balances. Total capital is calculated as "equity", as shown in the consolidated statement of financial position, plus net debt.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Capital risk management (Continued)

The table below analyses the Group's capital structure as at 31 December 2024 and as at 31 July 2023:

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
Loans from a director (Note 31(d))	**28,703**	35,108
Borrowings (Note 25)	**69,452**	–
Lease liabilities (Note 15 (b))	**17,808**	–
Less: Restricted bank balances (Note 22)	**(13,198)**	–
Cash and cash equivalents (Note 23)	**(53,632)**	(85,457)
Net debt/(cash)	**49,133**	(50,349)
Total equity	**577,187**	279,302
Total capital	**626,320**	228,953
Gearing ratio	**7.8%**	N/A

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

(a) Estimated impairment of non-financial assets

Non-financial assets including property, plant and equipment and right-of-use assets comprise a significant portion of the Group's total assets. They are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined and based on fair value less costs of disposal or value-in-use calculations as appropriate. To determine the recoverable amount based on fair value less costs of disposal, the Group obtained quoted market prices when available or used independent appraisals. To determine the recoverable amount based on value-in-use calculations, the Group used cash flow projection discounted at an appropriate pre-tax discount rate. The pre-tax discount rate reflects current market assessments of the time value of money and the risks specific to the asset, which requires significant judgement. The cash flow projection also requires the use of judgement and estimation regarding the financial forecasts prepared by management with major assumptions. Management derives the required cash flow projection from historical results, internal business plans, the prevailing market conditions and the expected remaining useful lives of the relevant assets. Changes to major assumptions and estimation such as unit price in revenue projection and discount rate could affect the fair value less costs of disposal and value-in-use calculations and as a result affecting the Group's reported financial condition and results of operations. Additional information for the impairment assessment of PPE and ROU is disclosed in Note 15.

(b) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. In assessing the net realisable value and making appropriate allowances, management considers their physical conditions, age, market conditions and market price for similar items. Management reassesses these estimates at the end of each reporting period.

(c) Estimation of provision for impairment of receivables from third parties and related companies

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in Note 3.1(b).

(d) Estimation of fair values of investment properties

The best evidence of fair value is current prices in an active market for similar properties in the same location and condition and subject to similar leases and other contracts. In the absence of such information, management determines the amount within a range of reasonable fair value estimates.

In making its judgement, management considers information from (i) independent valuations; (ii) current prices in an active market for properties of a different nature, condition or location by reference to available market information; (iii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the dates of transactions that occurred at those prices; and (iv) discounted cash flow projections, based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rates for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of cash flows.

5 SEGMENT INFORMATION

The chief operating decision-maker ("CODM") has been identified as the most senior executive management of the Company. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM assesses the performance of single operating segment based on a measure of profit/loss adjusted for items not specifically attributed to individual segments, such as head office or corporate administration costs. The CODM assesses the performance of the following three reportable segments and regards them being the 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

Revenue for the year consists of the following:

	Seventeen months period ended 31 December 2024 RMB'000	Year ended 31 July 2023 RMB'000
Revenue		
Plastic injection and moulding	**114,397**	52,247
Assembling of electronic products	**120,611**	20,026
Mould design and fabrication	**4,145**	4,170
	239,153	76,443
Timing of revenue recognition		
At a point in time	**239,153**	63,289
Over time	**–**	13,154
	239,153	76,443

The Group has a customer base which includes five (for the year ended 31 July 2023: four) customers with whom transactions have individually exceeded 10% of the Group's aggregate revenue for the seventeen months period ended 31 December 2024. These customers individually contributed 37%, 17%, 15%, 12% and 11% of the Group's revenue (for the year ended 31 July 2023: 53%, 17%, 13% and 11%), respectively.

5 SEGMENT INFORMATION (CONTINUED)

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM 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 deferred income tax assets, financial asset at fair value through other comprehensive income, investment accounted for using the equity method, investment properties and other corporate assets. Segment liabilities include trade and other payables attributable to the individual segment.

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. 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", CODM 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.

5 SEGMENT INFORMATION (CONTINUED)

(i) Segment results, assets and liabilities (Continued)

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the seventeen months period ended 31 December 2024 and for the year ended 31 July 2023 is set out below.

	Plastic injection and moulding		Assembling of electronic products		Mould design and fabrication		Consolidated	
	Seventeen months period ended 31 December 2024 RMB'000	Year ended 31 July 2023 RMB'000	Seventeen months period ended 31 December 2024 RMB'000	Year ended 31 July 2023 RMB'000	Seventeen months period ended 31 December 2024 RMB'000	Year ended 31 July 2023 RMB'000	Seventeen months period ended 31 December 2024 RMB'000	Year ended 31 July 2023 RMB'000
Revenue from external customers	114,397	52,247	120,611	20,026	4,145	4,170	239,153	76,443
Reportable segment result	1,465	(6,260)	19,240	3,764	1,330	559	22,035	(1,937)
Other segment information								
Depreciation and amortisation for the period/year	11,612	6,521	5,756	307	857	–	18,225	6,828
Impairment on property, plant and equipment	8,100	6,628	–	–	–	80	8,100	6,708
Impairment on right-of-use assets	1,288	558	–	–	–	–	1,288	558
Provision/(reversal of provision) for impairment of inventories	–	(183)	23	(216)	–	–	23	(399)
Addition to non-current assets during the period/year	3,345	–	3,631	–	–	–	6,976	–
As at 31 December 2024/31 July 2023								
Reportable segment assets	165,682	123,945	133,373	1,756	6,993	5,985	306,048	131,686
Reportable segment liabilities	23,446	8,172	57,538	2,194	15	638	80,999	11,004

5 SEGMENT INFORMATION (CONTINUED)

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

	Seventeen months period ended 31 December 2024 RMB'000	Year ended 31 July 2023 RMB'000
Revenue		
Reportable segment revenue	239,153	76,443
Consolidated revenue	239,153	76,443
Profit or loss		
Reportable segment profit/(loss)	22,035	(1,937)
Finance income	1,680	921
Finance costs	(5,267)	(1,831)
Share of net profit of an associate accounted for using the equity method	4,094	2,402
Reversal of impairment on investment accounted for using the equity method	9,179	–
Gain on bargain purchase	47,475	–
Fair value gain on step acquisition on investment accounted for using the equity method	2,270	–
Unallocated depreciation and amortisation	(9,517)	(6,630)
Unallocated impairment on property, plant and equipment	(15,828)	–
Unallocated head office and corporate expenses	(61,898)	(15,217)
Consolidated loss before income tax	(5,777)	(22,292)
Assets		
Reportable segment assets	306,048	131,686
Deferred income tax assets	5,537	–
Investment accounted for using the equity method	–	10,365
Financial asset at fair value through other comprehensive income	–	2,300
Unallocated head office and corporate assets	108,782	187,356
Investment properties	455,900	–
Consolidated total assets	876,267	331,707
Liabilities		
Reportable segment liabilities	80,999	11,004
Deferred income tax liabilities	82,802	920
Unallocated head office and corporate liabilities	135,279	40,481
Consolidated total liabilities	299,080	52,405

5 SEGMENT INFORMATION (CONTINUED)

Revenue from external customers by geographical locations is analysed as follows:

	Seventeen months period ended 31 December 2024 RMB'000	Year ended 31 July 2023 RMB'000
United States of America	**160,266**	–
Mainland China	**37,892**	63,076
South East Asia	**26,699**	73
Europe	**13,586**	–
Hong Kong	**710**	13,294
	239,153	76,443

An analysis of the Group's carrying amount of segment non-current assets is as follows:

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
Mainland China	**466,220**	211,019
Vietnam	**183,972**	–
	650,192	211,019

6 OTHER INCOME AND OTHER LOSSES – NET

	Seventeen months period ended 31 December 2024 RMB'000	Year ended 31 July 2023 RMB'000
Other income		
Sales of scrap materials	**630**	214
Government subsidy	**13**	3,290
Rental income (Note)	**1,143**	–
Sundry income	**3,949**	1,013
	5,735	4,517

Note:

It represents rental income generated from leasing of certain vacant land in Zhuhai, the PRC.

	Seventeen months period ended 31 December 2024 RMB'000	Year ended 31 July 2023 RMB'000
Other losses – net		
Impairment on property, plant and equipment	**(20,150)**	(6,708)
Impairment on right-of-use assets	**(515)**	(558)
Net foreign exchange gains	**807**	158
Net gain on disposal of property, plant and equipment and right-of-use assets	**308**	2,001
Net loss on property, plant and equipment written off	**(412)**	(4,230)
Fair value gain on step acquisition on investment accounted for using equity method	**2,270**	–
	(17,692)	(9,337)

7 OPERATING LOSS

The Group's operating loss is arrived at after charging/(crediting) the following:

	Seventeen months period ended 31 December 2024 RMB'000	Year ended 31 July 2023 RMB'000
Auditors' remuneration		
– Audit services	**2,078**	1,493
– Non-audit services	**2,914**	64
Legal and professional fee	**5,885**	2,422
Cost of sales (Note)	**204,676**	64,932
Impairment loss on financial assets (Note 3.1(b))	**13,312**	27
Depreciation on property, plant and equipment (Note 15(a))	**24,733**	12,810
Depreciation on right-of-use assets (Note 15(b))	**3,009**	648
Expenses relating to short-term leases	**2,637**	1,495
Provision for/(reversal of provision) impairment of inventories (Note 20)	**23**	(399)
Staff costs (Note 11)	**63,477**	26,013

Note:

Cost of sales included staff costs, depreciation, provision for impairment of inventories and expenses relating to short-term leases, amounting to RMB45,270,000 (for the year ended 31 July 2023: RMB12,408,000) in aggregate, which are also included in the respective total amounts disclosed separately above for each type of the expenses. It also included impairment on certain property, plant and equipment, and right-of-use assets totaling RMB4,551,000.

8 FINANCE COSTS – NET

	Seventeen months period ended 31 December 2024 RMB'000	Year ended 31 July 2023 RMB'000
Finance income		
Bank interest income	**(1,680)**	(921)
Finance costs		
Interest on bank borrowings	**2,140**	–
Interest on loans from a director	**2,169**	1,764
Interest expenses on lease liabilities	**883**	–
	5,192	1,764
Other finance charges	**75**	67
	5,267	1,831
Finance costs – net	**3,587**	910

9 STEP ACQUISITION OF VS INDUSTRY VIETNAM JOINT STOCK COMPANY

V.S. Holding Vietnam Limited, a wholly-owned subsidiary of the Group, held approximately 18.74% equity interest in VS Vietnam, which was classified as an associate under "investments accounted for using the equity method" as at 31 July 2023. VS Vietnam has the same principal activities as the Group.

In order to expand the customer base and product offering of the Group, on 21 February 2024, V.S. Holding Vietnam Limited entered into a sales and purchase agreement with B&E Holding Limited to acquire approximately 43.29% equity interest in VS Vietnam at a total cash consideration of HK$12,000,000 (equivalent to RMB11,009,000) and issuance of approximately 204 million number of share consideration totaling HK$14,250,000 (equivalent to RMB13,073,000) at prevailing market price.

Upon closing of the said transaction on 15 July 2024, the Group's effective equity interest in VS Vietnam increased to approximately 62.03%, the Group acquired controls over VS Vietnam and it became a subsidiary of the Group.

The fair value of the Group's then effective equity holding immediately before the completion of the step acquisition formed part of the total consideration of the step acquisition. The fair value of the initial 18.74% interest in VS Vietnam held by the Group prior to the completion of the step acquisition was estimated by Roma Appraisals Limited, an independent professional qualified valuer, to be RMB25,941,000. The difference comparing to the carrying amount of RMB23,671,000 as at the acquisition date resulted in a fair value gain of RMB2,270,000 which was recognised in the "other losses – net" in consolidated income statement.

9 STEP ACQUISITION OF VS INDUSTRY VIETNAM JOINT STOCK COMPANY (CONTINUED)

A gain on bargain purchase of approximately RMB47,475,000 was recorded in consolidated income statement, as a result of the difference between the fair value of the consideration and the fair value of the net assets acquired, which are the fair value of the purchase identifiable assets acquired and liabilities assumed to their values with reference to the valuation report carried out by Roma Appraisals Limited.

Acquisition-related costs are insignificant and had been included in administrative expenses in the consolidated income statement for the seventeen months period ended 31 December 2024.

Details of the purchase consideration, the net assets acquired and gain on bargain purchase were as follows:

	RMB'000
Consideration:	
Cash consideration	11,009
Share consideration	13,073
Fair value of equity interests previously held by the Group	25,941
Fair value of total consideration	50,023
The fair value of assets and liabilities recognised as a result of the acquisition are as follows:	
Property, plant and equipment	131,973
Right-of-use assets	46,907
Inventories	75,130
Trade and other receivables, deposits and prepayments	62,882
Cash and cash equivalents	37,776
Restricted bank balances	13,099
Borrowings	(84,767)
Loans from a director	(20,140)
Trade and other payables	(76,541)
Lease liabilities	(20,128)
Deferred tax liabilities	(4,882)
Others	(4,130)
Net identifiable assets acquired	157,179
Non-controlling interest	(59,681)
Gain on bargain purchase	(47,475)
Net assets acquired	50,023

9 STEP ACQUISITION OF VS INDUSTRY VIETNAM JOINT STOCK COMPANY (CONTINUED)

The fair value of the acquired trade and other receivables, deposits and prepayments of VS Vietnam at the date of acquisition amounted to approximately RMB62,882,000 which approximates to the gross contractual amounts. Based on best estimate at acquisition date, the contractual cash flows are expected to be fully collected.

The Group recognises non-controlling interests in VS Vietnam at its proportionate share of the acquired net identifiable assets.

Below table represents the net cash inflow resulted from the acquisition:

Purchase consideration – Cash inflow

	RMB'000
Cash and cash equivalents acquired	37,776
Less: Cash consideration	(11,009)
Net cash inflow from step acquisition	26,767

VS Vietnam contributed revenues of approximately RMB202,469,000 and net profit of approximately RMB15,937,000 to the Group for the period from 16 July 2024 to 31 December 2024.

Had the step acquisition been completed on 1 August 2023, the total revenue of the Group for the period would been approximately RMB553,907,000 and profit for the period would have been approximately RMB39,752,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 August 2023, nor is it intended to be a projection of future results.

10 INCOME TAX EXPENSE

	Seventeen months period ended 31 December 2024 RMB'000	Year ended 31 July 2023 RMB'000
Current income tax		
Current PRC corporate income tax	(467)	(51)
Current Vietnam corporate income tax	(5,368)	–
Adjustment to provision in respect of prior years	–	27
	(5,835)	(24)
Deferred income tax		
Origination and reversal of temporary differences (Note 26)	1,576	(4)
	(4,259)	(28)

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 seventeen months period ended 31 December 2024 and for the year ended 31 July 2023.

The Group's subsidiaries established in the PRC are subject to a corporate income tax rate of 25%.

The Group's subsidiaries established in the Vietnam are subject to a corporate income tax rate of 20%.

Pursuant to the relevant corporate income tax rules and regulations, withholding tax is imposed on dividends 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.

10 INCOME TAX EXPENSE (CONTINUED)

The tax charge on the Group's loss before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to results of the consolidated companies as follows:

	Seventeen months period ended 31 December 2024 RMB'000	Year ended 31 July 2023 RMB'000
Loss before income tax	**(5,775)**	(22,292)
Tax calculated at the applicable domestic tax rate of respective companies	**(11,347)**	(2,523)
Tax effect of non-deductible expenses	**10,352**	1,706
Utilisation of previous unrecognized tax losses	**(116)**	–
Tax effect of tax losses not recognised	**5,370**	868
Tax effect on withholding tax of retained profits in the PRC subsidiaries	**–**	4
Over provision in prior years	**–**	(27)
	4,259	28

11 STAFF COSTS

	Seventeen months period ended 31 December 2024 RMB'000	Year ended 31 July 2023 RMB'000
Salaries, wages and allowances	**50,220**	21,224
Contribution to retirement benefit schemes	**2,636**	1,587
Termination benefits	**10,621**	3,202
	63,477	26,013

Staff costs include directors' remuneration totaling RMB7,829,000 (for the year ended 31 July 2023: RMB5,464,000) (Note 12).

Subsidiaries of the Company operating in the PRC participate in a government pension scheme whereby the subsidiaries are required to pay annual contributions at rates from 13% to 21% of the standard wages of employees as determined by the relevant authorities in the PRC. Under the scheme, retirement benefits of existing and former employees are payable by the relevant authorities and the Group has no further obligations beyond the annual contributions. No forfeited contributions were utilised during the seventeen months period ended 31 December 2024 and the year ended 31 July 2023 and no balance is available as at 31 December 2024 and 31 July 2023 to reduce future contributions.

Pursuant to the Law on Social Insurance and Unemployment Insurance in Vietnam, the Company is required to contribute to a state-sponsored employees' social insurance and unemployment scheme for its employees in Vietnam. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

12 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of directors for the seventeen months period ended 31 December 2024 is set out below:

	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Housing allowance RMB'000	Share-based payments RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Remunerations paid or receivable in respect of accepting office as director RMB'000	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings RMB'000	Total RMB'000
Executive directors									
Beh Kim Ling	–	4,651	–	–	–	–	–	–	4,651
Beh Chern Wei	–	1,627	–	–	–	–	–	–	1,627
Gan Sem Yam *(resigned on 1 September 2023)*	–	31	–	–	–	–	–	–	31
Zhang Pei Yu	–	1,043	–	–	–	–	–	–	1,043
Beh Hwee Sze (Note)	–	–	–	–	–	–	–	–	–
	–	7,352	–	–	–	–	–	–	7,352
Independent non-executive directors									
Diong Tai Pew *(resigned on 26 September 2023)*	20	–	–	–	–	–	–	–	20
Fu Xiao Nan	129	–	–	–	–	–	–	–	129
Tang Sim Cheow	207	–	–	–	–	–	–	–	207
Wan Mohd Fadzmi *(appointed on 1 September 2023)*	121	–	–	–	–	–	–	–	121
	477	–	–	–	–	–	–	–	477
	477	7,352	–	–	–	–	–	–	7,829

12 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' emoluments (Continued)

The remuneration of directors for the year ended 31 July 2023 is set out below:

	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Housing allowance RMB'000	Share-based payments RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Remunerations paid or receivable in respect of accepting office as director RMB'000	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings RMB'000	Total RMB'000
Executive directors									
Beh Kim Ling	–	3,211	–	–	–	–	–	–	3,211
Beh Chern Wei	–	758	–	–	–	–	–	–	758
Gan Sem Yam	–	367	–	–	–	–	–	–	367
Zhang Pei Yu	–	736	–	–	–	–	–	–	736
	–	5,072	–	–	–	–	–	–	5,072
Independent non-executive directors									
Diong Tai Pew	125	–	–	–	–	–	–	–	125
Fu Xiao Nan	125	–	–	–	–	–	–	–	125
Tang Sim Cheow	142	–	–	–	–	–	–	–	142
	392	–	–	–	–	–	–	–	392
	392	5,072	–	–	–	–	–	–	5,464

Note:

Beh Hwee Sze was appointed as alternate director to Zhang Pei Yu with effect from 1 September 2023 and no remuneration was received by her during the period in her capacity as alternate director.

12 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' emoluments (Continued)

	Aggregate emoluments paid to or receivable by directors in respect of their services as directors, whether of the Company or its subsidiary RMB'000	Aggregate emoluments paid to or receivable by directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertakings RMB'000	Total RMB'000
For the seventeen months period ended 31 December 2024	477	7,352	7,829
For the year ended 31 July 2023	392	5,072	5,464

Salary paid to a director is generally an emolument paid or receivable in respect of that person's other services in connection with the management of the affairs of the Company or its subsidiary undertakings.

(b) Directors' retirement benefits

None of the directors receive any retirement benefits during the seventeen months period ended 31 December 2024 and the year ended 31 July 2023.

(c) Directors' termination benefits

None of the directors receive or will receive any termination benefits during the seventeen months period ended 31 December 2024 and the year ended 31 July 2023.

(d) Consideration provided to third parties for making available directors' services

During the seventeen months period ended 31 December 2024 and the year ended 31 July 2023, the Company did not pay consideration to any third parties for making available directors' services.

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the seventeen months period ended 31 December 2024 and the year ended 31 July 2023, there were no loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled body corporates and connected entities of such directors.

12 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the seventeen months period ended 31 December 2024 and the year ended 31 July 2023.

13 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments three (for the year ended 31 July 2023: three) are directors whose emoluments are disclosed in Note 12. The aggregate emoluments in respect of the remaining two (for the year ended 31 July 2023: two) individuals are as follows:

	Seventeen months period ended 31 December 2024 RMB'000	Year ended 31 July 2023 RMB'000
Salaries and other emoluments	**2,117**	1,397

The emoluments of the two (for the year ended 31 July 2023: two) individuals with the highest emoluments are within the following band:

	Number of individuals	
	Seventeen months period ended 31 December 2024	Year ended 31 July 2023
Nil – HK$1,000,000	**–**	2
HK$1,000,001-HK$2,000,000	**2**	–

There were no amounts paid during the seventeen months period ended 31 December 2024 (for the year ended 31 July 2023: Nil) to the directors or any of the five highest paid individuals as inducement to join or upon joining the Company or the Group or as compensation for loss of office.

There was no arrangement under which any directors of the Company waived or agreed to waive any emoluments for the seventeen months ended 31 December 2024 (for the year ended 31 July 2023: Nil).

14 LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share is based on the loss for the period/year attributable to owners of the Company of RMB16,087,000 (for the year ended 31 July 2023: RMB22,320,000) and the weighted average number of ordinary shares in issue during the period/year as follows:

	Seventeen months period ended 31 December 2024 RMB'000	Year ended 31 July 2023 RMB'000
Loss for the period/year attributable to owners of the Company	**(16,087)**	(22,320)
Weighted average number of ordinary shares in issue ('000)	**2,373,375**	2,307,513
Basic and diluted loss per share (RMB cents)	**(0.68)**	(0.97)

For the seventeen months period ended 31 December 2024 and for the year ended 31 July 2023, diluted loss per share equals to basic loss per share as there were no potential dilutive ordinary shares outstanding during the year.

15 PROPERTY, PLANT AND EQUIPMENT, AND LAND USE RIGHTS AND LEASES

(a) Property, plant and equipment, and land use rights

	Buildings RMB'000	Leasehold improvements RMB'000	Plant, moulds and machinery RMB'000	Power generating machinery and equipment RMB'000	Office equipment, furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost								
At 1 August 2022	249,728	12,510	346,044	68,118	24,305	9,096	–	709,801
Disposals	–	–	(11,498)	–	–	–	–	(11,498)
Written off	(4,217)	–	(143)	–	(300)	–	–	(4,660)
At 31 July 2023	245,511	12,510	334,403	68,118	24,005	9,096	–	693,643
At 1 August 2023	**245,511**	**12,510**	**334,403**	**68,118**	**24,005**	**9,096**	**–**	**693,643**
Acquisition of a subsidiary	**62,805**	**–**	**63,692**	**–**	**1,713**	**3,763**	**–**	**131,973**
Additions	**1,642**	**–**	**4,761**	**–**	**416**	**1,165**	**634**	**8,618**
Disposals	**–**	**–**	**(13,437)**	**–**	**(8,676)**	**–**	**–**	**(22,113)**
Written off	**–**	**(12,072)**	**(38,389)**	**–**	**(6,639)**	**(1,297)**	**–**	**(58,397)**
Transfer to investment properties (Note)	**(245,511)**	**–**	**–**	**–**	**–**	**–**	**–**	**(245,511)**
Exchange difference	**650**	**–**	**1,500**	**–**	**50**	**77**	**6**	**2,283**
At 31 December 2024	**65,097**	**438**	**352,530**	**68,118**	**10,869**	**12,804**	**640**	**510,496**
Accumulated depreciation, amortisation and impairment								
At 1 August 2022	98,232	12,307	325,318	32,232	23,149	8,908	–	500,146
Charge for the year	6,541	39	2,123	4,029	65	13	–	12,810
Disposals	–	–	(10,880)	–	–	–	–	(10,880)
Written off	–	–	(130)	–	(300)	–	–	(430)
Impairment	–	–	6,420	–	199	89	–	6,708
At 31 July 2023	104,773	12,346	322,851	36,261	23,113	9,010	–	508,354
At 1 August 2023	**104,773**	**12,346**	**322,851**	**36,261**	**23,113**	**9,010**	**–**	**508,354**
Charge for the year	**8,967**	**44**	**9,291**	**5,709**	**247**	**475**	**–**	**24,733**
Disposals	**–**	**–**	**(12,464)**	**–**	**(7,787)**	**–**	**–**	**(20,251)**
Written off	**–**	**(12,072)**	**(37,977)**	**–**	**(6,639)**	**(1,297)**	**–**	**(57,985)**
Impairment	**–**	**120**	**7,895**	**15,828**	**1**	**84**	**–**	**23,928**
Transfer to investment properties	**(112,457)**	**–**	**–**	**–**	**–**	**–**	**–**	**(112,457)**
Exchange difference	**231**	**–**	**1,042**	**–**	**36**	**44**	**–**	**1,353**
At 31 December 2024	**1,514**	**438**	**290,638**	**57,798**	**8,971**	**8,316**	**–**	**367,675**
Net book value								
At 31 December 2024	**63,583**	**–**	**61,892**	**10,320**	**1,898**	**4,488**	**640**	**142,821**
At 31 July 2023	140,738	164	11,552	31,857	892	86	–	185,289

15 PROPERTY, PLANT AND EQUIPMENT, AND LAND USE RIGHTS AND LEASES (CONTINUED)

(a) Property, plant and equipment, and land use rights (Continued)

Note:

During the seventeen months period ended 31 December 2024, buildings with carrying amount of RMB133,054,000, together with land use rights of RMB11,163,000 were transferred to investment property following a change in its use. The fair value of the investment properties as of transfer date is RMB455,900,000, and the difference totaling RMB311,683,000 arising between the carrying amount of buildings and land use rights and its fair value is recognised directly as asset revaluation reserve in equity.

Depreciation expenses of RMB10,086,000 (for the year ended 31 July 2023: RMB6,434,000) had been charged to "Cost of sales", RMB14,647,000 (for the year ended 31 July 2023: RMB6,376,000) had been charged to other operating expenses, in the consolidated income statement.

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

The consolidated statement of financial position shows the following amounts relating to the leases:

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
Right-of-use assets		
– Land use rights	**19,808**	11,736
– Machineries	**25,145**	1,329
Total right-of-use assets	**44,953**	13,065
Lease liabilities		
Current	**6,149**	–
Non-current	**11,659**	–
Total lease liabilities	**17,808**	–

During the seventeen months period ended 31 December 2024, land-use rights with carrying amount of RMB11,163,000 was transferred to investment property following a change in its use (Note 15(a)).

15 PROPERTY, PLANT AND EQUIPMENT, AND LAND USE RIGHTS AND LEASES (CONTINUED)

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

The consolidated statement of comprehensive income shows the following amounts relating to the leases:

	Seventeen months period ended 31 December 2024 RMB'000	Year ended 31 July 2023 RMB'000
Depreciation of right-of-use assets		
Land-use rights	**631**	403
Machineries	**2,378**	245
	3,009	648
Interest expense (included in finance cost)	**883**	–
Expense relating to short-term leases (included in cost of sales, distribution costs and general and administrative expenses)	**2,637**	1,495
Impairment on right-of-use assets – machineries	**1,288**	558

Note:

For the seventeen months period ended 31 December 2024, depreciation of right-of-use assets of RMB3,009,000 (for the year ended 31 July 2023: RMB648,000) was included in cost of sales.

The impairment on right-of-use assets amounting to RMB515,000 (for the year ended 31 July 2023: RMB558,000) was charged to "other losses – net".

For the seventeen months period ended 31 December 2024, the Group disposed right-of-use assets with carrying amount of RMB2,000 (for the year ended 31 July 2023: RMB:676,000).

For the seventeen months period ended 31 December 2024, the total cash outflow for leases was RMB5,838,000 (for the year ended 31 July 2023: RMB1,495,000).

15 PROPERTY, PLANT AND EQUIPMENT, AND LAND USE RIGHTS AND LEASES (CONTINUED)

(c) Impairment on property, plant and equipment and right-of-use assets

As at 31 December 2024, there are RMB34,249,000 and RMB1,288,000 of property, plant and equipment and right-of-assets, respectively, in PRC component. The unstable trading relationship between China and the US continues to adversely impact the Group's business performance. Management ceased operation of manufacturing lines in PRC component, in which, certain machinery and equipment (included in PPE and ROU) with a carrying amount of RMB9,388,000 (before impairment provision made in the current year) were not expected to be used for production in the future. Therefore, there is no future economic benefit arisen from these machinery and equipment and the related value-in-use is minimal. For these machinery and equipment, management estimated the recoverable amount would be minimal based on their fair value less costs of disposal by making reference to price quotation obtained from a third-party buyer, which is a level 3 fair value measurement. Accordingly, for the seventeen months period ended 31 December 2024, impairment losses of PPE and ROU of RMB8,100,000 and RMB1,288,000, respectively, were further recognised in the consolidated income statement (for the year ended 31 July 2023: RMB6,708,000 and RMB558,000).

For the solar power generating machinery and equipment, the recoverable amounts of the CGUs are determined based on the fair value less costs of disposal by making reference to price quotation obtained from an equipment trading agent taking into account unobservable inputs like machinery condition, which is a level 3 fair value measurement, as it is higher than the value-in-use calculations. For the seventeen months period ended 31 December 2024, impairment losses of RMB15,828,000 for such PPE were recognised in the consolidated income statement (for the year ended 31 July 2023: Nil).

16 INVESTMENT PROPERTIES

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
Beginning of the period/year	–	–
Transfer from property, plant and equipment	275,900	–
Transfer from right of use assets	180,000	
End of the period/year	455,900	–

The directors of the Company have determined that investment properties are completed properties held for rental. The Group's investment properties were revalued on 31 December 2024 based on valuations performed by Cushman & Wakefield, independent professionally qualified valuers, at RMB455,900,000. Each year, the Group's management decides to appoint external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuers on the valuation assumptions and valuation results once a year when the valuations are performed for annual financial reporting.

Fair value measurement using significant unobservable inputs (Level 3)

For investment properties, valuations are based on the market approach. The market approach is based on market comparable transactions available in the market and adjustments of various factors would be made between the subject properties and comparable properties.

Information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value at 31 December 2024 RMB'000	Valuation technique	Unobservable inputs	Range of unobservable inputs RMB	Relationship of unobservable inputs to fair value
Investment properties in PRC	445,900	Direct comparison method valuation	Adopted unit rates	3,240 – 3,550 per sq.m	The higher the price per sq.m., the higher the fair value and vice versa.

17 FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial asset at fair value through other comprehensive income includes the following:

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
Unlisted equity investment in the PRC (Note (a))	**–**	2,300

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

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
Beginning of the year	**2,300**	3,100
Change in fair value	**450**	(800)
Disposal of a financial asset at fair value through other comprehensive income	**(2,750)**	–
End of the period/year	**–**	2,300

Notes:

(a) The balance represented fair value of the Group's 10% equity interest in Qingdao GS Electronics Plastics Co., Ltd., a company incorporated in the PRC, and is denominated in RMB. During the seventeen months period ended 31 December 2024, the Company disposed the financial asset at fair value through other comprehensive income at RMB2,750,000.

(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 was determined by an independent qualified valuer, Asset Appraisal Limited as at 31 July 2023.

The valuation of financial asset at fair value through other comprehensive income is determined using discounted cash flow projections and are within level 3 of fair value hierarchy. The significant unobservable inputs are revenue growth rate of 2.0% and the discount rate of 16.17%. The lower the discount rate, the higher the fair value of the investment. The higher the revenue growth rate, the higher the fair value of the investment.

18 SUBSIDIARIES

Details of the Group's subsidiaries at 31 December 2024 are set out below.

Name of company	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries
V.S. International Industry Limited	British Virgin Islands ("BVI"), limited liability company	Investment holding in the PRC	US$100	100%	100%	–
V.S. Corporation (Hong Kong) Co. Limited ("VSHK")	Hong Kong, limited liability company	Investment holding in the PRC	HK$75,000,002 (HK$75,000,000 non-voting deferred shares and HK$2 ordinary shares (Note (ii))	100%	–	100%
V.S. Technology Industry Park (Zhuhai) Co. Ltd 威士茂科技工業園(珠海)有限公司 (Note (i))	PRC, limited liability company	Property investments	US$18,820,000	100%	–	100%
VSA Holding Hong Kong Co., Limited	Hong Kong, limited liability company	Investment holding	HK$15,600,000	100%	–	100%
Energy Ally Global Limited	BVI, limited liability company	Investment holding	US$10,000	100%	100%	–
V.S. Industry (Zhuhai) Co., Ltd. 威士茂電子塑膠(珠海)有限公司(Note (i))	PRC, limited liability company	Investment holding	US$9,540,000	100%	–	100%
V.S. Holding Vietnam Limited	BVI, limited liability company	Investment holding in Vietnam	US$100	100%	100%	–
V.S. Industry Holding Limited	Hong Kong, limited liability company	Investment holding	HK$100	100%	100%	–

18 SUBSIDIARIES (CONTINUED)

Details of the Group's subsidiaries at 31 December 2024 are set out below. (Continued)

Name of company	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued and paid up capital	Proportion of ownership interest Group's effective interest	Held by the Company	Held by subsidiaries
Zhuhai Deyuan Energy Conservation Technology Company Limited 珠海德源節能科技有限公司 (Note (iii))	PRC, limited liability company	Operation and management of rooftop solar plant	RMB74,000,000	100%	–	100%
VS Industry Vietnam Joint Stock Company	Vietnam, Limited liability company	Manufacturing, assembling and selling of plastic moulded products and electronic products, parts and components, and moulds design and fabrication in Vietnam	US$21,082,171	62.03%	–	62.03%
VS Technology Company Limited	Vietnam, Limited liability company	Manufacturing, assembling and selling of plastic moulded products and electronic products, parts and components, and moulds design and fabrication in Vietnam	US$1,100,000	62.03%	–	100%

Notes:

(i) These are wholly foreign owned enterprises established in the PRC.

(ii) In accordance with the articles of association of VSHK, any shareholder holding the 75,000,000 non-voting deferred shares is not entitled to any dividend or any participation in the profits or assets of VSHK and is also not entitled to vote at any general meeting.

(iii) The English names of the companies established in the PRC represent the best effort by the directors in translating their Chinese names as they do not have an official English names.

19 INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
Beginning of the period/year	**10,365**	7,496
Share of profit of an associate	**4,094**	2,402
Currency translation differences	**33**	467
Reversal of impairment (Note)	**9,179**	–
Deem disposal as completion of step acquisition (Note 9)	**(23,671)**	–
End of the period/year	**–**	10,365

Note:

V.S. Holding Vietnam Limited, a wholly-owned subsidiary of the Group, held approximately 18.74% equity interest in VS Vietnam, which was classified as an associate under "investments accounted for using the equity method" as at 31 July 2023.

On 15 July 2024, V.S. Holding Vietnam Limited acquired additional equity interest of approximately 43.29% equity interest in VS Vietnam and it became a non-wholly owned subsidiary of the Group (Note 18). Refer to Note 9 for the details of the step acquisition of VS Industry Vietnam Joint Stock Company.

20 INVENTORIES

Inventories included in the consolidated statement of financial position comprise:

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
Raw materials	**58,138**	4,141
Work-in-progress	**10,842**	510
Finished goods	**26,400**	12,726
Inventories – gross	**95,380**	17,377
Provision for impairment	**(9,343)**	(9,320)
Inventories – net	**86,037**	8,057

During the seventeen months period ended 31 December 2024, write-downs of inventories to net realisable value amounting to RMB23,000 (for the year ended 31 July 2023: reversal of write-downs of inventories to net realisable value amounting to RMB399,000) was recognised as a loss (2023: income) and included in "cost of sales" in the consolidated income statement.

Movements in the Group's provision for impairment of inventories are as follows:

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
Beginning of the period/year	**9,320**	13,014
Provision for impairment/(reversal of impairment) for the period/year	**23**	(399)
Write-off	**–**	(3,295)
End of the period/year	**9,343**	9,320

21 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
Trade receivables	**70,422**	12,346
Less: Loss allowance	**(781)**	(44)
Trade receivables – net	**69,641**	12,302
Other receivables, deposits and prepayments	**4,548**	13,924
Less: non–current portion	**(981)**	–
Total trade and other receivables, deposits and prepayments (current)	**73,208**	26,226

Notes:

(a) Other receivables, deposits and prepayments primarily included prepayments to purchase of property, plant and equipment, raw materials and services and advances to employees.

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

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
Up to 3 months	**52,908**	11,845
3 to 6 months	**16,355**	501
Over 6 months	**1,159**	–
	70,422	12,346

The maximum exposure to credit risk at the reporting date is the carrying amounts of each class of receivables mentioned above.

21 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

(c) The carrying amounts of the trade and other receivables are denominated in the following currencies:

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
US$	**69,641**	6,670
RMB	**1,397**	18,934
HK$	**137**	622
VND	**2,033**	–
	73,208	26,226

22 RESTRICTED BANK BALANCES

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
Deposits with banks (Note)	**13,198**	–
	13,198	–

Note:

As at 31 December 2024, the deposits were pledged to banks as security for certain banking facilities and the deposits are expected to release from restriction in September 2026. The interest rate of these pledged bank deposits ranged from 0.00% to 5.25% per annum.

23 CASH AND CASH EQUIVALENTS

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
Cash at banks and on hand	**53,632**	76,049
Short term bank deposits (Note)	**–**	9,408
	53,632	85,457

Note:

As at 31 July 2023, the interest rate for short term bank deposits range from 4.83% to 5.25% per annum, and is denominated in US$ with original maturity of not more than 3 months.

The carrying amounts of the cash and cash equivalents are denominated in the following currencies:

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
US$	**27,098**	42,985
RMB	**23,511**	31,239
VND	**2,266**	–
HK$	**757**	11,233
	53,632	85,457

Cash and bank deposits of RMB22,962,000 (as at 31 July 2023: RMB31,183,000)) held in PRC and Vietnam are subject to local exchange control regulations. These local exchange control regulations provide restrictions on remitting funds out of these countries, other than through normal dividends.

24 TRADE AND OTHER PAYABLES

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
Trade payables	**52,767**	7,456
Accrued expenses and other payables (Note (a))	**28,172**	8,329
Payables for the purchase of property, plant and equipment	**–**	38
Contract liabilities (Note (b))	**4,379**	–
Deposit received	**412**	125
Trade and other payables	**85,730**	15,948

Notes:

(a) The accrued expenses and other payables primarily include accrued staff costs, accrued transportation costs, interest payables and value-added tax payables.

(b) Contract liabilities include receipts in advance from customers.

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

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
Less than 1 month	**44,331**	3,275
1 to 3 months	**8,182**	3,327
More than 3 months	**254**	854
	52,767	7,456

24 TRADE AND OTHER PAYABLES (CONTINUED)

The carrying amounts of the trade and other payables are denominated in the following currencies:

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
RMB	**7,708**	10,537
VND	**31,062**	–
US$	**46,023**	4,167
HK$	**937**	1,244
	85,730	15,948

25 BORROWINGS

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
Current		
Portion of bank borrowings repayable within one year, secured	**64,803**	–
	64,803	–
Non-current		
Bank borrowings repayable after one year but within two years, secured	**4,388**	–
Bank borrowings repayable after two years but within five years, secured	**261**	–
	4,649	–
Total borrowings	**69,452**	–

Short-term borrowings have the original maturity of 12 months from their drawdown dates. Long-term borrowings have the original maturity from 13 months to 60 months from their drawdown dates.

25 BORROWINGS (CONTINUED)

The carrying amounts of the borrowings are denominated in the following currencies:

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
US$	61,888	–
VND	7,564	–
	69,452	–

Assets pledged as security

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
Restricted bank deposits	13,198	–
Property, plant and equipment	91,226	–
Right-of-use assets	2,778	–
	107,202	–

In addition, the borrowings were also guaranteed by guarantee letter for the value of USD20,000,000 from Mr. Beh Kim Ling as at 31 December 2024.

26 DEFERRED INCOME TAX

The analysis of deferred tax assets and liabilities are as follows:

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
Deferred tax assets:		
– to be charged after more than 12 months	**5,537**	–
Deferred tax liabilities:		
– to be recovered after more than 12 months	**(82,802)**	(920)

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movement during the year are as follows:

	Lease liabilities RMB'000	Provision RMB'000	Accrual for sales rebates RMB'000	Right of use assets RMB'000	Withholding tax on future dividend income from PRC subsidiaries RMB'000	Asset revaluation RMB'000	Others RMB'000	Total RMB'000
At 1 August 2022	–	–	–	–	(916)	–	–	(916)
(Charged)/credited to profit or loss (Note 10)	–	–	–	–	(4)	–	–	(4)
At 31 July 2023	–	–	–	–	(920)	–	–	(920)
At 1 August 2023	**–**	**–**	**–**	**–**	**(920)**	**–**	**–**	**(920)**
Acquired through the step acquisition of VS Industry Vietnam Joint Stock Company	**2,512**	**907**	**3,042**	**(2,168)**	**–**	**(4,882)**	**589**	**–**
Credited to profit or loss (Note 10)	**(113)**	**277**	**401**	**90**	**920**	**1**	**–**	**1,576**
Credited to other comprehensive losses	**–**	**–**	**–**	**–**	**–**	**(77,921)**	**–**	**(77,921)**
At 31 December 2024	**2,399**	**1,184**	**3,443**	**(2,078)**	**–**	**(82,802)**	**589**	**(77,265)**

The Group did not recognise deferred income tax assets of RMB24,388,000 (as at 31 July 2023: RMB19,911,000) in respect of tax losses amounting to RMB98,954,000 (as at 31 July 2023: RMB118,426,000) due to the unpredictability of future profit streams. The tax losses can be carried forward against future taxable income, which will expire between 2025 and 2030 (2023: 2024 and 2029).

27 SHARE CAPITAL AND SHARE PREMIUM

	At 31 December 2024			At 31 July 2023		
	Number of shares ('000)	Share capital ('000)	Share premium ('000)	Number of shares ('000)	Share capital ('000)	Share premium ('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 beginning of period/year	2,307,513	105,013	306,364	2,307,513	105,013	306,364
Consideration issue	203,571	9,338	3,735	–	–	–
At end of period/year	2,511,084	114,351	310,099	2,307,513	105,013	306,364

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.

28 OTHER RESERVES/(DEFICITS)

	Capital reserves RMB'000	Statutory reserve fund RMB'000	Foreign currency translation reserve RMB'000	Asset revaluation reserve RMB'000	Financial asset at fair value through other comprehensive income reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 August 2022	11,752	61,995	–	–	(5,098)	(178,071)	(109,422)
Comprehensive (loss)/income							
Loss for the year	–	–	–	–	–	(22,320)	(22,320)
Other comprehensive loss							
Changes in value on financial asset at fair value through other comprehensive income (Note 16)	–	–	–	–	(800)	–	(800)
Currency translation differences	–	–	467	–	–	–	467
Total comprehensive income/(loss)	–	–	467	–	(800)	(22,320)	(22,653)
Reclassification of statutory reserve fund to accumulated losses upon the deregistration of PRC subsidiaries	–	(18)	–	–	–	18	–
Balance at 31 July 2023	11,752	61,977	467	–	(5,898)	(200,373)	(132,075)

28 OTHER RESERVES/(DEFICITS) (CONTINUED)

	Capital reserves RMB'000	Statutory reserve fund RMB'000	Foreign currency translation reserve RMB'000	Asset revaluation reserve RMB'000	Financial asset at fair value through other comprehensive income reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 August 2023	11,752	61,977	467	–	(5,898)	(200,373)	(132,075)
Comprehensive (loss)/income							
Loss for the period	–	–	–	–	–	(16,087)	(16,087)
Other comprehensive income/(loss)							
Disposal of financial assets at fair value through other comprehensive income	–	–	–	–	5,898	(5,898)	–
Currency translation differences	–	–	955	–	–	–	955
Surplus on revaluation of properties upon reclassification to investment properties	–	–	–	311,683	–	–	311,683
Deferred tax debited to asset revaluation reserve	–	–	–	(77,921)	–	–	(77,921)
Transfer to retained earnings	–	–	–	–	–	450	450
Total comprehensive income/(loss)	–	–	955	233,762	5,898	(21,535)	219,080
Balance at 31 December 2024	11,752	61,977	1,422	233,762	–	(221,908)	87,005

29 DIVIDENDS

No dividend has been paid or declared by the Company for the seventeen months period ended 31 December 2024 and for the year ended 31 July 2023.

30 CAPITAL COMMITMENTS

There were no capital commitments outstanding at 31 December 2024 and at 31 July 2023 not provided for in the consolidated financial statements.

31 SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of the consolidated financial statements, parties are considered to be related to the Group if the parties have the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The directors are of the view that following individuals and companies were related parties that had transaction or balances with the Group during the seventeen months period ended 31 December 2024 and year ended 31 July 2023:

Name of the related parties	**Relationship with the Group**
Beh Kim Ling	Chairman and director of the Company
B&E Holding Limited	Entity controlled by Mr. Beh Kim Siea, brother of Mr. Beh Kim Ling, also a non-controlling shareholder of VS Vietnam
V.S. (Zhuhai) Management Co., Ltd.	Entity controlled by Mr. Beh Kim Ling
Zhuhai Haogongyou Internet Technology Co., Limited	Entity controlled by Ms. Qiao Hai Hui, spouse of Mr. Beh Chern Wei
Tai Ann Vehicle Service Centre	Entity controlled by Zhang Zhe, the son of Mr. Zhang Pei Yu

31 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group entered into the following significant related party transactions:

	Seventeen months period ended 31 December 2024 RMB'000	Year ended 31 July 2023 RMB'000
Sales of goods to an associate	**–**	77
Sales of machineries to B&E Holding Limited	**–**	624
Expense relating to leases paid and payable to VS (Zhuhai) Management Limited	**374**	1,462
Commission paid and payable to B&E Holding Limited	**2,735**	–
Technical service fees paid and payable to B&E Holding Limited	**438**	–
Technical service fees paid and payable to Zhuhai Haogongyou Internet Technology Co., Limited	**277**	555
Repair and maintenance services paid and payable to Tai Ann Vehicle Service Centre	**174**	186

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

31 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
Amount due from a company controlled by a director	–	301
Amount due from a company controlled by a family member of a director	–	647
	–	948

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

The maximum exposure to credit risk is the fair value of the above receivables.

The carrying amounts of the amounts due from related parties are denominated in the following currencies:

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
US$	–	647
RMB	–	301
	–	948

31 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
Amount due to a company controlled by a family member of a director	**4,143**	–
Amounts due to directors	**164**	429
	4,307	429

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

The carrying amounts of the amounts due to related parties are denominated in the following currencies:

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
HK$	**141**	179
US$	**4,166**	250
	4,307	429

31 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Loans from a director

Loans from a director was unsecured with interest-bearing at the rate of 5.30% and 5.00% per annum, respectively and due for repayment on 30 June 2025 and 31 May 2026, respectively. The carrying amount of the loans from a director approximated its fair value and were denominated in US$ and HK$.

The carrying amounts of loans from a director are denominated in the following currencies:

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
US$	**17,324**	21,392
HK$	**7,866**	13,716
SGD	**3,513**	–
	28,703	35,108

(e) Key management personnel remuneration

The Group has not identified any person, other than the directors of the Company, having the authority and responsibility for planning, directing and controlling the activities of the Group. Details of the remuneration of the directors of the Company are set out in Note 12.

32 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	Note	Seventeen months period ended 31 December 2024 RMB'000	Year ended 31 July 2023 RMB'000
Loss before income tax		**(5,777)**	(22,292)
Adjustments for:			
– Finance costs	8	**5,267**	1,831
– Interest income	8	**(1,680)**	(921)
– Depreciation of property, plant and equipment	7	**24,733**	12,810
– Depreciation of right-of-use assets	7	**3,009**	648
– Impairment on property, plant and equipment	6	**23,928**	6,708
– Impairment on right-of-use assets	6	**1,288**	558
– Net gain on disposal of property, plant and equipment and right-of-use assets	32(b)	**(308)**	(2,001)
– Net loss on property, plant and equipment and right-of-use assets written off	6	**412**	4,230
– Net impairment losses on financial assets	7	**13,312**	27
– Fair value gain on step acquisition on investment accounted for using the equity method	6	**(2,270)**	–
– Share of net profit of an associate accounted for using the equity method	19	**(4,094)**	(2,402)
– Reversal of impairment on investment accounted for using the equity method	19	**(9,179)**	–
– Gain on bargain purchase	9	**(47,475)**	–
– Provision for/(reversal of provision) impairment of inventories	7	**23**	(399)
		1,189	(1,203)
Changes in working capital:			
Inventories		**(2,873)**	8,787
Trade and other receivables		**4,361**	14,773
Contract assets		**–**	598
Amounts due from related parties		**948**	339
Amounts due to related parties		**176**	(141)
Trade and other payables		**(6,759)**	(9,470)
Cash (used in)/generated from operations		**(2,958)**	13,683

32 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Gain on disposal of property, plant and equipment and right-of-use assets is arrived at as follows:

	Seventeen months period ended 31 December 2024 RMB'000	Year ended 31 July 2023 RMB'000
Net book amount disposed of	**1,862**	1,294
Amount due from a related party (Note)	**–**	(624)
Proceeds received	**(2,170)**	(2,671)
Gain on disposals	**(308)**	(2,001)

Note: For the year ended 31 July 2023, the Group disposed of certain machineries to a related party at consideration of RMB624,000.

(c) Liabilities from financing activities

	Lease liabilities RMB'000	**Bank borrowings** RMB'000	**Loans from a director** RMB'000	**Total** RMB'000
As at 1 August 2022	–	–	(37,413)	(37,413)
Net cash flows – financing activities	–	–	4,477	4,477
Exchange difference	–	–	(2,172)	(2,172)
As at 31 July 2023	–	–	(35,108)	(35,108)
As at 1 August 2023	**–**	**–**	**(35,108)**	**(35,108)**
Increase from step acquisition of VS Industry Vietnam Joint Stock Company	**(20,128)**	**(84,767)**	**(20,140)**	**(125,035)**
Net cash flows – financing activities	**2,318**	**15,598**	**26,864**	**44,780**
Non-cash transaction	**81**	**–**	**–**	**81**
Exchange difference	**(79)**	**(283)**	**(319)**	**(681)**
As at 31 December 2024	**(17,808)**	**(69,452)**	**(28,703)**	**(115,963)**

33 FINANCIAL INSTRUMENTS BY CATEGORY

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
Assets		
Financial assets at amortised cost		
– Trade and other receivables and deposits	74,970	25,995
– Amounts due from related parties	–	948
– Restricted bank balances	13,198	–
– Cash and cash equivalents	53,632	85,457
	141,800	112,400
Financial assets at fair value		
– Financial assets at fair value through other comprehensive income	–	2,300
	141,800	114,700
Liabilities		
Financial liabilities at amortised cost		
– Trade payables and other payables	81,351	10,252
– Amounts due to related parties	4,307	429
– Loans from a director	28,703	35,108
– Borrowings	69,452	–
– Lease liabilities	17,808	–
	201,621	45,789

34 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

	At 31 December 2024 RMB'000	At 31 July 2023 RMB'000
ASSETS		
Non-current assets		
Investments in subsidiaries	**308,844**	308,844
Current assets		
Amounts due from subsidiaries	**126,806**	112,275
Cash and cash equivalents	**13**	17
	126,819	112,292
Total assets	**435,663**	421,136
EQUITY		
Capital and reserves		
Share capital	**114,351**	105,013
Share premium (Note)	**310,099**	306,364
Other deficits (Note)	**(112,374)**	(94,250)
Total equity attributable to owners of the Company	**312,076**	317,127
LIABILITIES		
Current liabilities		
Other payables	**756**	1,150
Amounts due to subsidiaries	**122,831**	102,859
Total liabilities	**123,587**	104,009
Total equity and liabilities	**435,663**	421,136

34 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Note:

Equity movement of the Company

	Contributed surplus RMB'000 (Note)	Accumulated losses RMB'000	Total RMB'000
Balance at 1 August 2022	148,621	(235,928)	(87,307)
Comprehensive loss			
Loss for the year	–	(6,943)	(6,943)
Balance at 31 July 2023 and 1 August 2023	**148,621**	**(242,871)**	**(94,250)**
Comprehensive loss			
Loss for the period	**–**	**(18,124)**	**(18,124)**
Balance at 31 December 2024	**148,621**	**(260,995)**	**(112,374)**

Notes:

Share premium and contributed surplus

(a) Under the Companies Law of the Cayman Islands, the funds in the share premium account and contributed surplus account of the Company are distributable to the shareholders provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(b) Pursuant to a reorganisation, the Company became the holding company of the Group on 20 January 2002. The excess of the consolidated net assets represented by the shares acquired over the nominal value of shares issued by the Company in exchange under the reorganisation was transferred to contributed surplus. In the consolidated financial statements, capital reserves represents the difference between (a) the nominal value of shares of the subsidiaries acquired; and (b) the nominal value of the shares issued by the Company in exchange under the reorganisation of the Group on 20 January 2002.

Corporate Information

BOARD OF DIRECTORS
Executive Directors
Beh Kim Ling *(Chairman)*
Beh Chern Wei *(Managing Director)*
Zhang Pei Yu *(Beh Hwee Sze as his alternated Director)*

Independent non-executive Directors
Tang Sim Cheow
Fu Xiao Nan
Wan Mohd Fadzmi

AUDIT COMMITTEE OF THE BOARD
Tang Sim Cheow *(Chairman of the Audit Committee)*
Wan Mohd Fadzmi
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
Wan Mohd Fadzmi *(Chairman of the Nomination Committee)*
Tang Sim Cheow
Beh Chern Wei

COMPANY SECRETARY
Ng Ting On, Polly

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AUDITOR
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Certified Public Accountants and Registered Public Interest Entity Auditor
22nd Floor, Prince's Building
Central, Hong Kong

PRINCIPAL BANKERS
United Overseas Bank (Vietnam) Limited, Hanoi Branch
Joint Stock Commercial Bank For Foreign Trade of Vietnam
Vietnam Technological and Commercial Joint Stock Bank
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 Central
Wickhams Cay II, Road Town, Tortola
VG1110, British Virgin Islands

Corporate Information

V.S. Corporation (Hong Kong) Co., Limited
VSA Holding Hong Kong Co., Limited
V.S. Industry Holding Limited
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V.S. Industry (Zhuhai) Co., Ltd.
Zhuhai Deyuan Energy Conservation Technology Company Limited
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Fax No: (84) 241 3634 308

Group Properties

MAJOR PROPERTIES HELD FOR OWN USE

Location	Existing use	Term of lease	Group's interest (%)
Outside Hong Kong			
Phase I, II, III, IV, V and VI of an industrial complex situated at Beisha Village Tangjia Wan Town Xiangzhou District Zhuhai Guangdong Province The People's Republic of China	Property investments	Medium	100
Quevo Industrial Park, Vanduong Commune Quevo District Bacninh Province Vietnam	Industrial	Medium	62.03%

Five Years Summary

	2024* RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Results					
Revenue	**239,153**	76,443	121,401	256,196	482,327
Operating loss	**(15,463)**	(23,784)	(49,276)	(3,933)	(23,126)
Finance costs – net	**(3,587)**	(910)	(1,162)	(5,705)	(10,263)
Share of profit of an associate	**4,094**	2,402	2,130	4,447	–
Reversal of impairment on an associate	**9,179**	–	–	–	–
Loss before income tax	**(5,777)**	(22,292)	(48,308)	(5,191)	(33,389)
Income tax (expense)/credit	**(4,259)**	(28)	61	(421)	(335)
Loss for the period/year	**(10,036)**	(22,320)	(48,247)	(5,612)	(33,724)
Attributable to:					
Owners of the Company	**(16,087)**	(22,320)	(48,247)	(5,612)	(33,724)
Non-controlling interests	**6,051**	–	–	–	–
Assets and liabilities					
Non-current assets	**650,192**	211,019	235,198	297,697	334,774
Current assets	**226,075**	120,688	133,338	194,259	294,566
Total assets	**876,267**	331,707	368,536	491,956	629,340
Current liabilities	**178,825**	(51,485)	(28,252)	(102,326)	(230,584)
Non-current liabilities	**120,255**	(920)	(38,329)	(38,828)	(42,042)
NET ASSETS	**511,455**	279,302	301,955	350,802	356,714
Share capital	**114,351**	105,013	105,013	105,013	105,013
Reserves	**397,104**	174,289	196,942	245,789	251,701
Non-controlling interests	**65,732**	–	–	–	–
TOTAL EQUITY	**577,187**	279,302	301,955	350,802	356,714
Loss per share					
Basic	**(0.68) cent**	(0.97) cent	(2.09) cents	(0.24) cent	(1.46) cents
Diluted	**(0.68) cent**	(0.97) cent	(2.09) cents	(0.24) cent	(1.46) cents

* For the seventeen months period ended 31 December 2024