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## **V.S. INTERNATIONAL GROUP LIMITED**

**威 鉞 國 際 集 團 有 限 公 司**

*(incorporated in the Cayman Islands with limited liability)*

**(stock code: 1002)**

### **CONTINUING CONNECTED TRANSACTIONS**

The Board announces that VS Zhuhai, VSI Zhuhai and Lip Sheng entered into the Agreement on 24 August 2009.

Pursuant to the Agreement, VS Zhuhai and VSI Zhuhai have requested Lip Sheng to supply, and Lip Sheng has agreed to supply, the Products during the term of the Agreement. The actual quantity, specifications and price of the Products to be supplied by Lip Sheng under the Agreement will be subject to the individual orders to be placed by VS Zhuhai and VSI Zhuhai with the Lip Sheng.

Lip Sheng is a company established in the PRC and is wholly-owned by Lip Sheng International Limited. Lip Sheng International Limited is a company incorporated in the British Virgin Islands and is wholly-owned by Mr. Gan Tong Chuan. Mr. T.C. Gan is (i) the brother of Madam Gan Chu Cheng, an executive Director; (ii) the brother of Mr. Gan Sem Yam, an executive Director; (iii) the brother of Mr. Gan Tiong Sia, a non-executive Director; and (iv) the brother-in-law of Mr. Beh Kim Ling, an executive Director and the husband of Madam Gan. Madam Gan, Mr. S.Y. Gan, Mr. T.S. Gan and Mr. Beh do not have any direct or indirect interest in Lip Sheng and cannot control the composition of a majority of the board of directors of Lip Sheng. Save as mentioned above, Madam Gan, Mr. S.Y. Gan, Mr. T.S. Gan and Mr. Beh do not have any other relationship with Lip Sheng.

Pursuant to Rule 14A.11(1) of the Listing Rules, each of Madam Gan, Mr. S.Y. Gan, Mr. T.S. Gan and Mr. Beh, being a Director, is a connected person of the Company. Pursuant to Rule 14A.11(4)(b) of the Listing Rules, Mr. T.C. Gan, being the brother of Madam Gan, Mr. S.Y. Gan and Mr. T.S. Gan, is an associate of Madam Gan, Mr. S.Y. Gan and Mr. T.S. Gan. In view of such relationships and the transactions contemplated under the Agreement, Lip Sheng is deemed to be a connected person of the Company under the Listing Rules by the Stock Exchange. Accordingly, the transactions pursuant to the Agreement are deemed to be continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

It is currently expected that the capped amounts of the purchases of the Products from Lip Sheng by VS Zhuhai and VSI Zhuhai from (i) 1 August 2009 to 31 July 2010; (ii) 1 August 2010 to 31 July 2011; and (iii) 1 August 2011 to 31 July 2012 will be less than HK\$10 million and an applicable percentage ratio of each of the transactions is more than 2.5% but less than 25%, accordingly the Continuing Connected Transactions are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirements pursuant to Rule 14A.34 of the Listing Rules.

## **INTRODUCTION**

The Board announces that VS Zhuhai, VSI Zhuhai and Lip Sheng entered into the Agreement on 24 August 2009.

### **Agreement**

#### **Date**

24 August 2009

#### **Parties**

- (i) VS Zhuhai and VSI Zhuhai, both being indirect wholly-owned subsidiaries of the Company, as purchasers; and
- (ii) Lip Sheng, as supplier.

#### **The Products**

Pursuant to the Agreement, VS Zhuhai and VSI Zhuhai have requested Lip Sheng to supply, and Lip Sheng has agreed to supply, the Products during the term of the Agreement. The actual quantity, specifications and price of the Products to be supplied by Lip Sheng under the Agreement will be subject to the individual orders to be placed by VS Zhuhai and VSI Zhuhai with Lip Sheng.

VS Zhuhai, VSI Zhuhai and Lip Sheng have acknowledged under the Agreement that:

- (a) the supply of the Products will be on normal commercial terms and the prices payable by VS Zhuhai and VSI Zhuhai for the Products will be agreed between VS Zhuhai and VSI Zhuhai and Lip Sheng with reference to the prevailing market prices of the Products at the relevant time; and
- (b) VS Zhuhai and VSI Zhuhai shall not be obliged to accept any terms and conditions for the purchase of the Products from Lip Sheng that are less favourable to VS Zhuhai and VSI Zhuhai than those agreed between VS Zhuhai and VSI Zhuhai and their other suppliers being independent third parties of VS Zhuhai and VSI Zhuhai.

## Term

From 1 August 2009 to 31 July 2012 (both days inclusive)

## Expected capped amounts

VS Zhuhai and VSI Zhuhai have been purchasing the Products from Lip Sheng since 2006. The aggregate amount paid by VS Zhuhai and VSI Zhuhai to Lip Sheng for the purchases of the Products from 1 August 2008 to 31 July 2009 was HK\$987,000.

The following table sets out the expected capped amounts of purchases of the Products from Lip Sheng by VS Zhuhai and VSI Zhuhai from 1 August 2009 to 31 July 2012:

	<b>From 1 August 2009 to 31 July 2010</b>	<b>From 1 August 2010 to 31 July 2011</b>	<b>From 1 August 2011 to 31 July 2012</b>
<b>Expected capped amounts</b>	HK\$5,000,000	HK\$6,000,000	HK\$6,000,000

The aforesaid caps are determined with reference to the estimated sales orders of VS Zhuhai and VSI Zhuhai which require the Products as components and parts.

## Reasons for and benefits of the Continuing Connected Transactions

The Group is principally engaged in the production and sales of plastic moulded products and parts, assembly of electronic products and mould design and fabrication. VS Zhuhai is principally engaged in manufacturing, assembling and selling of plastic moulded products and electronic products, parts and components. VSI Zhuhai is principally engaged in manufacturing and selling of plastic moulded products and parts.

Lip Sheng is principally engaged in the research and development, design and production of hardwares and moulds for electrical appliances, vehicles, sports and medical equipments. Lip Sheng has been supplying plastic injection moulds to the Group since 2006. Lip Sheng has been a reliable business partner throughout the years. The Directors are confident that the continuance of business cooperation with Lip Sheng will ensure the steady supply of the Products for the Group.

The Directors (including the independent non-executive Directors) consider that:

- (a) the terms and conditions of the Agreement were negotiated between the parties to it on an arm's length basis and are normal commercial terms that are fair and reasonable;
- (b) the expected capped amounts for purchases of the Products from Lip Sheng from (i) 1 August 2009 to 31 July 2010; (ii) 1 August 2010 to 31 July 2011; and (iii) 1 August 2011 to 31 July 2012 as referred to above are fair and reasonable; and

- (c) the transactions contemplated under the Agreement are conducted in the ordinary and usual course of business of VS Zhuhai and VSI Zhuhai and in the interest of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Lip Sheng is a company established in the PRC and is wholly-owned by Lip Sheng International Limited. Lip Sheng International Limited is a company incorporated in the British Virgin Islands and is wholly-owned by Mr. T.C. Gan. Mr. T.C. Gan is (i) the brother of Madam Gan, an executive Director; (ii) the brother of Mr. S.Y. Gan, an executive Director; (iii) the brother of Mr. T.S. Gan, a non-executive Director; and (iv) the brother-in-law of Mr. Beh, an executive Director and the husband of Madam Gan. Madam Gan, Mr. S.Y. Gan, Mr. T.S. Gan and Mr. Beh do not have any direct or indirect interest in Lip Sheng and cannot control the composition of a majority of the board of directors of Lip Sheng. Save as mentioned above, Madam Gan, Mr. S.Y. Gan, Mr. T.S. Gan and Mr. Beh do not have any other relationship with Lip Sheng.

Pursuant to Rule 14A.11(1) of the Listing Rules, each of Madam Gan, Mr. S.Y. Gan, Mr. T.S. Gan and Mr. Beh, being a Director, is a connected person of the Company. Pursuant to Rule 14A.11(4)(b) of the Listing Rules, Mr. T.C. Gan, being the brother of Madam Gan, Mr. S.Y. Gan and Mr. T.S. Gan, is an associate of Madam Gan, Mr. S.Y. Gan and Mr. T.S. Gan. In view of such relationships and the transactions contemplated under the Agreement, Lip Sheng is deemed to be a connected person of the Company under the Listing Rules by the Stock Exchange. Accordingly, the transactions pursuant to the Agreement are deemed to be continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

It is currently expected that the capped amounts of the purchases of the Products from Lip Sheng by VS Zhuhai and VSI Zhuhai from (i) 1 August 2009 to 31 July 2010; (ii) 1 August 2010 to 31 July 2011; and (iii) 1 August 2011 to 31 July 2012 will be less than HK\$10 million and an applicable percentage ratio of each of the transactions is more than 2.5% but less than 25%, accordingly the Continuing Connected Transactions are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirements pursuant to Rule 14A.34 of the Listing Rules.

## **DEFINITIONS**

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“associate”	has the meaning ascribed to it under the Listing Rules
“Agreement”	the agreement dated 24 August 2009 and entered into between VS Zhuhai, VSI Zhuhai and Lip Sheng in relation to the purchase and supply of the Products
“Board”	the board of Directors

“Company”	V.S. International Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions constituted by the purchase of the Products under the Agreement
“Director(s)”	the director(s) of the Company
“Group”	collectively, the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lip Sheng”	力勝精密模具(珠海)有限公司(Lip Sheng Precision (Zhuhai) Co., Ltd.*), a company established in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Madam Gan”	Madam Gan Chu Cheng, an executive Director
“Mr. Beh”	Mr. Beh Kim Ling, an executive Director
“Mr. S.Y. Gan”	Mr. Gan Sem Yam, an executive Director
“Mr. T.C. Gan”	Mr. Gan Tong Chuan
“Mr. T.S. Gan”	Mr. Gan Tiong Sia, a non-executive Director
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Products”	moulds fabricated and certain moulded products and parts to be supplied by Lip Sheng pursuant to the Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“VS Zhuhai”	威士茂科技工業園(珠海)有限公司(V.S. Technology Industry Park (Zhuhai) Co., Ltd.*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“VSI Zhuhai”	威士茂電子塑膠(珠海)有限公司(V.S. Industry (Zhuhai) Co., Ltd.*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

List of Directors as at the date of this announcement

***Executive Directors:***

Mr. Beh Kim Ling  
 Mr. Gan Sem Yam  
 Madam Gan Chu Cheng  
 Mr. Zhang Pei Yu

***Independent non-executive Directors:***

Mr. Diong Tai Pew  
 Mr. Cheung Kwan Hung, Anthony  
 Mr. Tang Sim Cheow

***Non-executive Director:***

Mr. Gan Tiong Sia

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

Zhuhai, the PRC, 24 August 2009

\* *The English translation of the Chinese names of the relevant companies are for information purposes only, and should not be regarded as the official English translation of such names.*