

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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 on 30 December 2008, VST, an indirect wholly-owned subsidiary of the Company, and Tai Ann entered into the Agreement.

Pursuant to the Agreement, Tai Ann agreed to provide to VST, and VST agreed to engage Tai Ann to provide, motor vehicle repairing and maintenance services.

Tai Ann is wholly-owned by Mr. Zhang Zhe, who is the son of Mr. Zhang, an executive Director. Mr. Zhang is a connected person of the Company pursuant to Rule 14A.11(1) of the Listing Rules. Pursuant to Rule 14A.11(4)(b) of the Listing Rules, Mr. Zhang Zhe, being the son of Mr. Zhang, is an associate of Mr. Zhang and a connected person of the Company. Pursuant to Rule 1.01 of the Listing Rules, Tai Ann is an associate of Mr. Zhang Zhe.

As at the date of this announcement, Mr. Zhang does not have any direct or indirect interest in Tai Ann and he cannot control the composition of a majority of the board of directors of Tai Ann. The transactions between Tai Ann and VST during the period from 1 January 2009 to 30 June 2009 accounted for about 92% of the total revenue of Tai Ann for the same period. In view of the proportion of revenue of Tai Ann contributed by VST, the Board considers Tai Ann as a connected person of the Company and the transactions under the Agreement as continuing connected transactions for the Company.

The term of the Agreement commenced on 1 January 2009, and the aggregate amount paid by VST to Tai Ann for the Services was approximately RMB442,617 (equivalent to approximately HK\$502,974) for the six months ended 30 June 2009. It is expected that the aggregate amount payable by VST to Tai Ann for the Services from (i) 1 August 2009 to 31 July 2010; and (ii) 1 August 2010 to 31 July 2011 will exceed HK\$1,000,000, being the de minimis threshold pursuant to Rule 14A.33(3) of the Listing Rules. Based on information currently available, it is expected that the applicable percentage ratios of the Continuing Connected Transactions are less than 2.5% and 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 on 30 December 2008, VST, an indirect wholly-owned subsidiary of the Company, and Tai Ann entered into the Agreement.

## **THE AGREEMENT**

### *Date*

30 December 2008

### *Parties*

- (i) Tai Ann, as service provider; and
- (ii) VST, as customer.

### *Provision of the Services*

Pursuant to the Agreement, Tai Ann agreed to provide to VST, and VST agreed to engage Tai Ann to provide, motor vehicle repairing and maintenance services, including regular replacement of engine oil, daily routine maintenance services and 24-hour on-call maintenance services.

The actual quantity, specifications and fees in respect of the Services to be provided by Tai Ann under the Agreement will be subject to individual orders placed by VST with Tai Ann. The fees payable by VST for the Services to be provided by Tai Ann will be agreed between the parties on an arm's length basis with reference to, among other factors, the prevailing market rates from time to time charged by other service providers in the motor vehicle repairing industry in Zhuhai, the PRC. The fees shall be paid monthly by VST to Tai Ann.

### *Term*

From 1 January 2009 to 31 July 2011 (both days inclusive)

### *Capped amounts*

Tai Ann has been providing motor vehicle repairing and maintenance services to the Group since April 2006. The aggregate amount paid by VST to Tai Ann for the Services from 1 July 2008 to 30 June 2009 was HK\$962,241. The term of the Agreement commenced on 1 January 2009 and the aggregate amount paid by VST to Tai Ann for the Services was approximately RMB442,617 (equivalent to approximately HK\$502,974) for the period from 1 January 2009 to 30 June 2009.

The following table sets out the expected capped amounts of the fees payable by VST to Tai Ann for the provision of the Services from 1 January 2009 to 31 July 2011:

	<b>From 1 January 2009 to 31 July 2009</b>	<b>From 1 August 2009 to 31 July 2010</b>	<b>From 1 August 2010 to 31 July 2011</b>
Expected amounts	HK\$750,000	HK\$1,680,000	HK\$1,800,000

The aforesaid caps are determined with reference to the Group's orders for the Services currently placed with Tai Ann, the existing and expected numbers of motor vehicles of VST and the estimated utility rate and depreciation of such motor vehicles.

### ***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, assembling of electronic products and mould design and fabrication. VST is principally engaged in manufacturing and selling of plastic moulded products and mould design and fabrication.

Tai Ann is principally engaged in the provision of motor vehicle repairing and maintenance services. It has been providing motor vehicle repairing and maintenance services to the Group since April 2006. Tai Ann had been a reliable business partner throughout the years. The Directors are confident that the continuance of business cooperation with Tai Ann will ensure the steady provision of the Services to VST.

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 of the fees payable by VST to Tai Ann for the provision of the Services from 1 January 2009 to 31 July 2011 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 VST and in the interest of the Company and its shareholders as a whole.

### **LISTING RULES IMPLICATIONS**

Tai Ann is wholly-owned by Mr. Zhang Zhe, who is the son of Mr. Zhang, an executive Director. Mr. Zhang is a connected person of the Company pursuant to Rule 14A.11(1) of the Listing Rules. Pursuant to Rule 14A.11(4)(b) of the Listing Rules, Mr. Zhang Zhe, being the son of Mr. Zhang, is an associate of Mr. Zhang and a connected person of the Company. Pursuant to Rule 1.01 of the Listing Rules, Tai Ann is an associate of Mr. Zhang Zhe.

As at the date of this announcement, Mr. Zhang does not have any direct or indirect interest in Tai Ann and he cannot control the composition of a majority of the board of directors of Tai Ann. The transactions between Tai Ann and VST during the period from 1 January 2009 to 30 June 2009 accounted for about 92% of the total revenue of Tai Ann for the same period. In view of the proportion of revenue of Tai Ann contributed by VST, the Board considers Tai Ann as a connected person of the Company and the transactions under the Agreement as continuing connected transactions for the Company.

The term of the Agreement commenced on 1 January 2009 and the aggregate amount paid by VST to Tai Ann for the Services was approximately RMB442,617 (equivalent to approximately HK\$502,974) for the six months ended 30 June 2009. It is expected that the aggregate amount payable by VST to Tai Ann for the Services from (i) 1 August 2009 to 31 July 2010; and (ii) 1 August 2010 to 31 July 2011 will exceed HK\$1,000,000, being the de minimis threshold pursuant to Rule 14A.33(3) of the Listing Rules. Based on information currently available, it is expected that the applicable percentage ratios of the Continuing Connected Transactions are less than 2.5% and 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:

<b>“Agreement”</b>	the agreement dated 30 December 2008 and entered into between VST and Tai Ann in relation to the provision of the Services by Tai Ann to VST
<b>“associate(s)”</b>	has the meaning as ascribed thereto under the Listing Rules
<b>“Board”</b>	the board of Directors
<b>“Company”</b>	V.S. International Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
<b>“connected person”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Continuing Connected Transactions”</b>	the continuing connected transactions constituted by the provision of the Services under the Agreement
<b>“Director(s)”</b>	the director(s) of the Company
<b>“Group”</b>	collectively, the Company and its subsidiaries from time to time
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhang”	Mr. Zhang Pei Yu, an 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
“RMB”	Renminbi, the lawful currency of the PRC
“Services”	motor vehicle repairing and maintenance services to be provided by Tai Ann to VST pursuant to the Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tai Ann”	太安汽車服務中心 (Tai Ann Vehicle Service Centre*), a company established in the PRC
“VST”	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
“%”	per cent.

*For the purpose of this announcement, translation of RMB into HK\$ or vice versa has been calculated by using an exchange rate of RMB0.88 = HK\$1.00 respectively.*

#### **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, 31 July 2009

\* *The English translation of the Chinese name of the company is for information purposes only, and should not be regarded as the official English translation of such name.*