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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)

PROFIT WARNING

This announcement is made by V.S. International Group Limited pursuant to Rule 13.09(1) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, the Laws of Hong Kong).

The Board wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a substantial increase in its loss for the year ended 31 July 2016 as compared to that of the Group for the year ended 31 July 2015.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by V.S. International Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, the Laws of Hong Kong).

Reference is made to (i) the announcements of the Company dated 5 February 2015, 23 March 2015, 3 August 2015, 2 November 2015 and 31 August 2016; and (ii) the interim report of the Group for the six months ended 31 January 2016 dated 22 March 2016 (the “**Interim Report**”) in relation to, among other matters, the acquisition of 20% of the issued share capital of the Cadre Project Development Company Limited by the Group pursuant to a conditional sale and purchase agreement dated 5 February 2015 (as supplemented) (the “**Agreement**”).

As set out in note 12 to the condensed consolidated interim financial information in the Interim Report, on 31 October 2015, the Agreement lapsed as certain conditions as set out in the Agreement had not been fulfilled; the Group had been in discussions with the vendor regarding the full refund of the deposits of HK\$42.5 million paid (the “**Deposits**”) and the vendor had proposed that the refund of the Deposits and interest thereon at 5% per annum would be made on or before 31 August 2016.

As set out in the announcement of the Company dated 31 August 2016, a settlement agreement (the “**Settlement Agreement**”) was entered into among the purchaser, the vendor, the guarantors, the project company and the target company. Pursuant to the Settlement Agreement, among other matters, the vendor shall repay, and the guarantors shall procure the vendor to repay, to the purchaser the Deposits and the interest thereon by 30 November 2016. The interest shall be at 5% per annum on the amount of Deposits paid accrued on a daily basis and calculated for the actual number of days elapsed, on a 360-day year, calculated from the 91st day from the payment of the relevant Deposits up to the date of full repayment to the purchaser of the total amount of Deposits paid (together with interest thereon).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform its shareholders and potential investors that the Group is expected to record a substantial increase in its loss for the year ended 31 July 2016 as compared to that of the Group for the year ended 31 July 2015. The increase in loss is mainly attributable to a provision to be made for impairment in respect of other receivables, prepayments and deposits (which mainly comprised the Deposits) for the year ended 31 July 2016. Notwithstanding the Settlement Agreement, such provision for impairment is made for the sake of prudence based on the Board’s conservative approach in assessing the collectability of the Deposits.

The information contained in this announcement is only a preliminary assessment made by the management of the Company based on the consolidated management accounts of the Group, and such information has not been audited or reviewed by the Company’s auditors and there may be further adjustments during the audit process.

Further details of the Group’s performance will be disclosed when the final audited results of the Group for the year ended 31 July 2016 are announced.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Zhuhai, the PRC, 2 September 2016

As at the date of this announcement, the Board comprises the following members:

Executive Directors:

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

Independent non-executive Directors:

Mr. Diong Tai Pew
Mr. Tang Sim Cheow
Ms. Fu Xiao Nan

Non-executive Director:

Mr. Gan Tiong Sia