

*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)**

### **CONNECTED TRANSACTION: SUBSCRIPTION OF SHARES IN VS VIETNAM**

#### **SHARE SUBSCRIPTION AGREEMENT**

The Company is pleased to announce that on 12 December 2016, VS Holding, a directly wholly-owned subsidiary of the Company, and VS Zhuhai, an indirectly wholly-owned subsidiary of the Company, entered into the Share Subscription Agreement with VS Vietnam, pursuant to which VS Holding has agreed to subscribe for, and VS Vietnam has agreed to allot and issue the Subscription Shares at the Subscription Price. The Subscription Price shall be satisfied by cash by VS Zhuhai to VS Vietnam.

The Company has been informed that at approximately the same time, B&E has agreed to subscribe for, and VS Vietnam has agreed to allot and issue 8,046,975 shares to B&E in the consideration of US\$4,235,250. The Share Subscription and the subscription of shares by B&E in VS Vietnam will be completed at the same time upon completion of share registration formalities with relevant authorities in accordance with the laws of Vietnam. The Subscription Shares represent approximately 9.76% of the enlarged total share capital of VS Vietnam after Completion. Upon Completion, the shareholding interest of VS Holding in VS Vietnam will increase by approximately 1.53% from approximately 23.47% to approximately 25.00%.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, VS Vietnam is owned as to over 50% by B&E, a company wholly-owned by Mr. KS Beh, who is the brother of Mr. Beh Kim Ling, an executive Director and the chairman of the Company, the brother-in-law of Madam Gan Chu Cheng, an executive Director, and the uncle of Mr. Beh Chern Wei, an executive Director. As such, Mr. KS Beh, B&E and VS Vietnam are associates of the Company. By virtue of the above, VS Vietnam is a connected person of the Company. Therefore, the Share Subscription in VS Vietnam by VS Holding pursuant to the Share Subscription Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios exceed 0.1% but are less than 5%, the Share Subscription is subject to the reporting and announcement requirements, but is exempted from the circular and independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

## **INTRODUCTION**

The Company is pleased to announce that on 12 December 2016, VS Holding, a directly wholly-owned subsidiary of the Company, and VS Zhuhai, an indirectly wholly-owned subsidiary of the Company, entered into the Share Subscription Agreement with VS Vietnam, pursuant to which VS Holding has agreed to subscribe for, and VS Vietnam has agreed to allot and issue the Subscription Shares at the Subscription Price.

## **THE SHARE SUBSCRIPTION AGREEMENT**

**Date:** 12 December 2016 (after trading hours)

### **Parties:**

**Issuer:** VS Vietnam, a joint venture company set up under the Investment Law of Vietnam and is owned as to approximately 23.47% by VS Holding as at the date of this announcement

**Subscriber:** VS Holding, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company

**Company providing consideration:** VS Zhuhai, a company established in the PRC and an indirect wholly-owned subsidiary of the Company

### **The Share Subscription**

Pursuant to the Share Subscription Agreement, VS Holding has agreed to subscribe for, and VS Vietnam has agreed to allot and issue the Subscription Shares.

The Company has been informed that at approximately the same time, B&E has agreed to subscribe for, and VS Vietnam has agreed to allot and issue 8,046,975 shares in consideration of US\$4,235,250, representing about US\$0.526 per share, which is the same as the Subscription Price. The Share Subscription and the subscription of shares by B&E in VS Vietnam will be completed at the same time upon completion of share registration formalities with relevant authorities in accordance with the laws of Vietnam. The Subscription Shares represent approximately 9.76% of the enlarged total share capital of VS Vietnam after Completion. Upon Completion, the shareholding interest of VS Holding in VS Vietnam will increase by approximately 1.53% from approximately 23.47% to approximately 25.00%.

## The Subscription Price

The Subscription Price will be US\$1,633,000, representing about US\$0.526 per Subscription Share, and shall be satisfied by cash by VS Zhuhai to VS Vietnam.

The Subscription Price was determined after arm's length negotiations between the VS Holding, VS Zhuhai and VS Vietnam on normal commercial terms after taking into account that about US\$0.526 per share of VS Vietnam was adopted by the shareholders of VS Vietnam in contributing capital into VS Vietnam since its incorporation.

## Shareholding structure of VS Vietnam

As at the date of this announcement, VS Vietnam has 20,639,700 shares in issue. The table below depicts the shareholding structure of VS Vietnam (i) as at the date of this announcement; and (ii) immediately upon Completion.

Name of shareholders	As at this announcement		Immediately upon Completion	
	<i>Number of shares</i>	<i>Approximate percentage % (Note)</i>	<i>Number of shares</i>	<i>Approximate percentage % (Note)</i>
B&E	11,400,000	55.23	19,446,975	61.17
VS Holding	4,845,000	23.47	7,947,700	25.00
Others	4,394,700	21.29	4,394,700	13.82
<b>Total</b>	<b>20,639,700</b>	<b>100.00</b>	<b>31,789,375</b>	<b>100.00</b>

*Note:* The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.

## INFORMATION OF VS VIETNAM

VS Vietnam is principally engaged in the manufacturing of plastic spare parts, assembling and sale of electronic products and design, manufacturing and sale of plastic injection moulds and provision of mould maintenance and repairing services.

## Financial information of VS Vietnam

	<b>For the year ended 31 December 2014</b>	<b>For the year ended 31 December 2015</b>
	<i>US\$ '000</i>	<i>US\$ '000</i>
	<i>(Audited)</i>	<i>(Audited)</i>
Revenue	58,351	51,093
Loss before taxation	754	1,252
Loss after taxation	754	1,472
Net assets	17,174	15,701

The above financial information of VS Vietnam was prepared in accordance with applicable accounting standards in Vietnam.

## REASONS FOR THE TRANSACTION

The Group is principally engaged in the manufacturing and sales of plastic moulded products and parts, assembling of electronic products and mould design and fabrication.

The investment in VS Vietnam is in line with the current principal business of the Group and represents a strategic opportunity for the Group to enhance its presence in Vietnam. As Vietnam has entered into various free trade agreements with different countries, including European Union, South Korea and Eurasian Economic Union, there will be more foreign trade opportunities in Vietnam in the future. The Directors believe that VS Vietnam will receive more customers' orders and hence will generate more revenue in the future. Accordingly, the Share Subscription will enable the Group to have larger share of return in VS Vietnam. In light of the above, the Directors (including the independent non-executive Directors) believe that the terms of the Share Subscription Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

As disclosed in note 17 to the consolidated financial statements of the Company for the year ended 31 July 2016, by virtue of the significant influence over the management, including participating in the financial and operating policy decisions, VS Vietnam is considered to be an associate of the Group. After the increase of interest of the Group in VS Vietnam from approximately 23.47% to approximately 25.00%, VS Vietnam will continue to be an associate of the Group.

## IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, VS Vietnam is owned as to over 50% by B&E, a company wholly-owned by Mr. KS Beh, who is a brother of Mr. Beh Kim Ling, an executive Director and the chairman of the Company, a brother-in-law of Madam Gan Chu Cheng, an executive Director, and an uncle of Mr. Beh Chern Wei, an executive Director. As such, Mr. KS Beh, B&E and VS Vietnam are associates of the Company. By virtue of the above, VS Vietnam is a connected person of the Company. Therefore, the Share Subscription in VS Vietnam by VS Holding pursuant to the Share Subscription Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios exceed 0.1% but are less than 5%, the Share Subscription is subject to the reporting and announcement requirements, but is exempted from the circular and independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

Mr. Beh Kim Ling, Madam Gan Chu Cheng and Mr. Beh Chern Wei are considered to have a material interest in the transactions contemplated under the Share Subscription Agreement and are required to abstain, and have abstained, from voting on the relevant Board resolutions to approve the same. Save for the above, no other Director has a material interest in the transactions contemplated under the Share Subscription Agreement and none of them is required to abstain or has abstained from, voting on the relevant Board resolutions to approve the same.

## **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
“B&E”	B&E Holding Limited, a company incorporated under the laws of the British Virgin Islands, the entire issued share capital of which is owned by Mr. KS Beh
“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
“Completion”	completion of the Share Subscription and the subscription of 8,046,975 shares by B&E in VS Vietnam
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. KS Beh”	Mr. Beh Kim Siew, a brother of Mr. Beh Kim Ling who is an executive Director and the chairman of the Company, a brother-in-law of Madam Gan Chu Cheng, an executive Director, and an uncle of Mr. Beh Chern Wei, an executive Director
“PRC”	the People’s Republic of China

“Share Subscription”	subscription of Subscription Shares pursuant to the Share Subscription Agreement
“Share Subscription Agreement”	the subscription agreement dated 12 December 2016 entered into between the VS Holding, VS Zhuhai and VS Vietnam in relation to the Share Subscription
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	US\$1,633,000, representing about US\$0.526 per Subscription Share
“Subscription Shares”	3,102,700 shares to be allotted and issued to VS Holding by VS Vietnam pursuant to the Share Subscription Agreement
“US\$”	dollars of the United States of America, the lawful currency of the United States of America
“Vietnam”	the Socialist Republic of Vietnam
“VS Holding”	V.S. Holding Vietnam Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company
“VS Vietnam”	VS Industry Vietnam Joint Stock Company, a joint venture company set up under the Investment Law of Vietnam and an associate of the Group
“VS Zhuhai”	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.

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

Zhuhai, the PRC, 12 December 2016

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  
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