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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 JANUARY 2015

INTRODUCTION

The board ("**Board**") of directors ("**Directors**") of V.S. International Group Limited ("**Company**") would like to announce the unaudited consolidated results of the Company and its subsidiaries (together, the "**Group**") for the six months ended 31 January 2015, which have not been audited by the independent auditor of the Group, PricewaterhouseCoopers ("**PwC**"), but have been reviewed by PwC under Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and the audit committee ("**Audit Committee**") of the Board.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 JANUARY 2015

		Unaudited	
		Six months ended 31 January	
		2015	2014
	Note	***HK$'000***	*HK$'000*
Revenue	*2*	**617,890**	654,032
Cost of sales		**(526,046)**	(578,279)
Gross profit		**91,844**	75,753
Other (losses)/gains-net	*3*	**(2,295)**	7,270
Other income-net		**2,245**	2,194
Distribution costs		**(33,325)**	(33,430)
General and administrative expenses		**(48,225)**	(42,604)
Operating profit		**10,244**	9,183
Finance costs-net	*4(a)*	**(10,153)**	(10,066)
Share of loss of an associate		**(766)**	(240)
Loss before income tax	*4*	**(675)**	(1,123)
Income tax expense	*5*	**(6,915)**	(4,150)
Loss for the period attributable to equity holders of the Company		**(7,590)**	(5,273)
Loss per share attributable to equity holders of the Company during the period *(Hong Kong cents)*	*7*		
Basic and diluted		**(0.48)**	(0.39)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 JANUARY 2015

	Note	**Unaudited At 31 January 2015 HK$'000**	Audited At 31 July 2014 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**529,197**	552,700
Land use rights		**23,973**	24,579
Goodwill		**2,172**	2,172
Interest in an associate		**19,358**	20,124
Prepayments	*8*	**11,276**	1,019
Deferred income tax assets		**3,280**	3,077
		589,256	603,671
Current assets			
Inventories		**182,720**	175,972
Trade and other receivables	*8*	**260,931**	328,764
Amounts due from related parties		**17,526**	14,779
Bank deposits		**22,372**	33,254
Cash and cash equivalents		**133,475**	81,309
		617,024	634,078
Total assets		**1,206,280**	1,237,749
EQUITY			
Capital and reserves			
Share capital		**88,356**	73,900
Share premium		**238,081**	126,282
Reserves		**193,647**	208,809
Total equity attributable to equity holders of the Company		**520,084**	408,991
LIABILITIES			
Non-current liabilities			
Borrowings		**169,497**	195,015
Deferred income tax liabilities		**634**	2,298
		170,131	197,313

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AT 31 JANUARY 2015

	Note	**Unaudited At 31 January 2015** ***HK$'000***	Audited At 31 July 2014 *HK$'000*
Current liabilities			
Trade and other payables	*9*	**324,679**	364,231
Amounts due to related parties		**1,862**	1,443
Derivative financial instruments		**477**	295
Borrowings		**179,420**	254,939
Tax payable		**9,627**	10,537
		516,065	631,445
Total liabilities		**686,196**	828,758
Total equity and liabilities		**1,206,280**	1,237,749
Net current assets		**100,959**	2,633
Total assets less current liabilities		**690,215**	606,304

Notes:

1 Basis of preparation and accounting policies

The Company has a financial year end date of 31 July. This condensed consolidated interim financial information for the six months ended 31 January 2015 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". This condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 July 2014, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The preparation of this condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the annual financial statements for the year ended 31 July 2014.

The accounting policies used in the preparation of the condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 31 July 2014, except as mentioned below.

(a) Effect of adopting amendments and interpretation to existing standards

The following amendments and interpretation to existing standards are mandatory for the Group's accounting periods beginning on or after 1 August 2014. The adoption of these amendments and interpretation to existing standards does not have any significant impact on the results and financial position of the Group.

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011), "Investment Entities";
- Amendments to HKAS 19 (2011), "Employee Benefits – Defined Benefit Plans: Employee Contributions";
- Amendments to HKAS 32, "Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities";
- Amendments to HKAS 36, "Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets";
- Amendments to HKAS 39, "Financial Instruments: Recognition and Measurements – Novation of Derivatives and Continuation of Hedge Accounting";
- HK(IFRIC) – Int 21, "Levies";
- Annual Improvements to HKFRSs 2010 – 2012 Cycle; and
- Annual Improvements to HKFRSs 2011 – 2013 Cycle.

(b) New standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group

- HKFRS 9, "Financial Instruments"[3];
- HKFRS 14, "Regulatory Deferral Accounts"[1];
- HKFRS 15, "Revenue from Contracts with Customers"[2];
- Amendments to HKFRS 11, "Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations"[1];
- Amendments to HKFRS 10, "Consolidated Financial Statements" and HKAS 28 (2011), "Investments in Associates and Joint Ventures" on Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1];
- Amendments to HKAS 1, "Presentation of Financial Statements – Disclosure Initiative"[1];
- Amendments to HKAS 16, "Property, Plant and Equipment" and HKAS 41, "Agriculture" on Bearer Plants[1];
- Amendments to HKAS 16, "Property, Plant and Equipment" and HKAS 38, "Intangible Assets" on Clarification of Acceptable Methods of Depreciation and Amortisation[1];
- Amendments to HKAS 27 (2011), "Separate Financial Statements – Equity Method in Separate Financial Statements"[1]; and
- Annual Improvements to HKFRSs 2012 – 2014 Cycle[1].

[1] Effective for the Group for annual periods beginning on or after 1 August 2016

[2] Effective for the Group for annual periods beginning on or after 1 August 2017

[3] Effective for the Group for annual periods beginning on or after 1 August 2018

The Group will apply these new standards and amendments to existing standards in the period of initial application. The Group is currently assessing the impact of the adoption of the above new standards and amendments to existing standards and is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

2 Segment reporting

The Group manages its business by divisions, which is organised by a mixture of both business lines and geographical locations. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment, the Group has identified the following three 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

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible and current assets excluding interest in an associate, deferred income tax assets and other corporate assets. Segment liabilities include trade payables, accruals and bills payables attributable to the individual segments.

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.

(a) *Segment results, assets and liabilities*

The measure used for reporting segment profit 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 concerning "segment result", management is provided with segment information concerning revenue (including inter-segment sales), depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Plastic injection and moulding		**Assembling of electronic products**		**Mould design and fabrication**		**Consolidated**	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Six months ended 31 January:								
Revenue from external customers	**386,536**	414,933	**188,971**	207,320	**42,383**	31,779	**617,890**	654,032
Reportable segment result	**25,442**	26,939	**16,336**	9,376	**9,258**	2,831	**51,036**	39,146
Additions to non-current segment assets during the period	**10,129**	9,961	**15,172**	692	**276**	16	**25,577**	10,669
At 31 January/31 July:								
Reportable segment assets	**716,162**	738,981	**174,650**	224,739	**81,480**	95,403	**972,292**	1,059,123
Reportable segment liabilities	**163,278**	178,884	**87,725**	106,708	**12,600**	13,584	**263,603**	299,176

(b) *Reconciliations of reportable segment revenue, results, assets and liabilities*

	Unaudited	
	Six months ended 31 January	
	2015	2014
	HK$'000	*HK$'000*
Turnover		
Reportable segment revenue	**617,890**	654,032
Consolidated turnover	**617,890**	654,032

	Unaudited	
	Six months ended 31 January	
	2015	2014
	HK$'000	*HK$'000*
Segment result		
Reportable segment profit	**51,036**	39,146
Share of loss of an associate	**(766)**	(240)
Finance costs – net *(Note 4(a))*	**(10,153)**	(10,066)
Unallocated depreciation and amortisation	**(2,248)**	(2,820)
Unallocated operating income and expenses	**(38,544)**	(27,143)
Loss before income tax	**(675)**	(1,123)

	At	At
	31 January	31 July
	2015	2014
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**972,292**	1,059,123
Interest in an associate	**19,358**	20,124
Deferred income tax assets	**3,280**	3,077
Unallocated head office and corporate assets	**211,350**	155,425
Consolidated total assets	**1,206,280**	1,237,749
Liabilities		
Reportable segment liabilities	**263,603**	299,176
Deferred income tax liabilities	**634**	2,298
Unallocated head office and corporate liabilities	**421,959**	527,284
Consolidated total liabilities	**686,196**	828,758

(c) Revenue by geographical locations

Revenue from external customers is analysed by the following geographical locations:

	Unaudited Six months ended 31 January **2015** *HK$'000*	2014 *HK$'000*
Mainland China	**345,154**	339,437
United States of America	**145,722**	129,054
Europe	**71,987**	123,795
Hong Kong	**23,462**	23,979
South East Asia	**19,269**	14,783
Northern Asia	**12,296**	22,984
	617,890	654,032

3 Other (losses)/gains – net

	Unaudited Six months ended 31 January **2015** *HK$'000*	2014 *HK$'000*
Net foreign exchange loss	**(260)**	(389)
Net (loss)/gain on disposal of property, plant and equipment	**(2,464)**	6
Change in fair value of forward foreign exchange contracts	**(477)**	8,612
Net gain/(loss) on forward foreign exchange contracts	**906**	(959)
	(2,295)	7,270

4 Loss before income tax

Loss before income tax is arrived at after charging/(crediting) the following:

(a) Finance costs – net

	Unaudited	
	Six months ended 31 January	
	2015	2014
	HK$'000	*HK$'000*
Interest income from bank deposits	**(595)**	(305)
Interest on bank borrowings repayable within five years	**8,852**	9,036
Less: borrowing costs capitalised as construction-in-progress	**(5)**	–
Other finance charges	**1,901**	1,335
	10,748	10,371
Finance costs-net	**10,153**	10,066

(b) Other items

	Unaudited	
	Six months ended 31 January	
	2015	2014
	HK$'000	*HK$'000*
Cost of inventories	**526,046**	578,279
Amortisation of land use rights	**319**	322
Depreciation of property, plant and equipment	**29,515**	36,391
Operating lease charges in respect of properties		
– factory and hostel rentals	**5,356**	5,418
Provision for impairment on trade receivables	**668**	47

5 Income tax expense

	Unaudited	
	Six months ended 31 January	
	2015	2014
	HK$'000	*HK$'000*
Current income tax		
The People's Republic of China ("PRC") corporate income tax	**7,026**	4,484
Deferred income tax		
Origination and reversal of temporary differences	**(111)**	(334)
	6,915	4,150

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 six months ended 31 January 2015 and 2014.

Pursuant to the Corporate Income Tax Law ("CIT") of the PRC effective from 1 January 2008 onwards, the Group's PRC subsidiaries are subject to a standard PRC income tax rate of 25%, except for those granted with preferential tax rates prior to 1 January 2008 whose applicable tax rates would gradually increase to 25% towards the end of 2012, and a subsidiary which has been granted with a preferential rate of 15% from 1 January 2012 to 31 December 2014 whose applicable tax rates will resume as 25% thereafter.

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

6 Dividends

(i) Dividends payable to equity holders of the Company attributable to the interim period

No dividend has been proposed by the Company after the end of the reporting period attributable to the periods ended 31 January 2015 and 2014.

(ii) Dividends payable to equity holders of the Company attributable to the previous financial year, approved and paid during the interim period

No dividend has been approved or paid by the Company after the end of the reporting period attributable to the previous financial year.

7 Loss per share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company of HK$7,590,000 (2014: loss of HK$5,273,000) and the weighted average number of ordinary shares in issue during the current and the prior period as follows:

	Unaudited	
	Six months ended 31 January	
	2015	2014
Loss attributable to equity holders *(HK$'000)*	**(7,590)**	(5,273)
Weighted average number of ordinary shares in issue *('000)*	**1,566,289**	1,342,680
Basic loss per share *(HK cents)*	**(0.48)**	(0.39)

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the six months ended 31 January 2015 and 31 January 2014, dilutive loss per share equals basic loss per share as the exercise of outstanding share options would be anti-dilutive.

8 Trade and other receivables

	At 31 January 2015 *HK$'000*	At 31 July 2014 *HK$'000*
Trade receivables	**186,883**	253,272
Bills receivable	**55,317**	58,676
Trade and bills receivables – gross	**242,200**	311,948
Less: Provision for impairment	**(8,423)**	(7,838)
Trade and bills receivables – net	**233,777**	304,110
Other receivables, prepayments and deposits	**38,430**	25,673
	272,207	329,783
Less: Prepayments for purchase of property, plant and equipment (non-current)	**(11,276)**	(1,019)
Total trade and other receivables (current)	**260,931**	328,764

The aging analysis on the Group's trade and bills receivables by period of overdue repayment is as follows:

	At 31 January 2015 *HK$'000*	At 31 July 2014 *HK$'000*
Neither past due nor impaired	**214,061**	238,715
Past due for:		
Less than 1 month	**10,920**	35,325
1 to 3 months	**5,293**	25,586
More than 3 months	**11,926**	12,322
	28,139	73,233
	242,200	311,948

Credit terms granted by the Group to customers generally range from 30 to 120 days.

The Group does not hold any collaterals from customers.

9 Trade and other payables

	At 31 January 2015 *HK$'000*	At 31 July 2014 *HK$'000*
Trade payables	**207,138**	240,276
Bills payable	**9,054**	9,478
Trade and bills payables	**216,192**	249,754
Payables for the purchase of property, plant and equipment	**10**	2,151
Accrued expenses and other payables	**108,477**	112,326
Trade and other payables	**324,679**	364,231

The aging analysis of the Group's trade and bills payables is as follows:

	At 31 January 2015 *HK$'000*	At 31 July 2014 *HK$'000*
Due within 1 month or on demand	**137,067**	163,371
Due after 1 month but within 3 months	**59,283**	65,028
Due after 3 months but within 6 months	**19,842**	21,355
	216,192	249,754

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

OVERVIEW

During the six-month period under review, the Group continued to improve its profit margin with its strategy to focus on higher value added products.

FINANCIAL REVIEW

During the period under review, the Group recorded a turnover of HK$617.89 million, representing a decrease of HK$36.14 million or 5.53% as compared to HK$654.03 million in the corresponding period ended 31 January 2014. Gross profit during the six months period ended 31 January 2015 increased by HK$16.09 million from HK$75.75 million representing 11.58% of the Group's revenue for the six months ended 31 January 2014 to HK$91.84 million representing 14.86% of the Group's revenue for the six months ended 31 January 2015.

The Group operating expense increased from HK$76.03 million to HK$81.55 million, an increase of HK$5.52 million over the corresponding period. The loss for the period increased from HK$5.27 million to HK$7.59 million. As at 31 January 2015, the net current assets have made a significant improvement from HK$2.63 million as at 31 July 2014 to HK$100.96 million.

Plastic injection and moulding business

During the period under review, plastic injection and moulding segment remained the Group's core business and contributed to 62.56% of the Group's turnover. The Group recorded a turnover of HK$386.54 million for this segment as compared to HK$414.93 million in the corresponding period ended 31 January 2014, representing a decrease of HK$28.39 million or 6.84%.

Assembling of electronic products business

Decline in the demand for certain customers' end products has directly impacted the Group's business of assembling electronics products. This segment recorded a turnover of HK$188.97 million, representing a decrease of HK$18.35 million or 8.85% from HK$207.32 million in the corresponding period ended 31 January 2014.

Mould design and fabrication business

During the period under review, the mould design and fabrication segment recorded a turnover of HK$42.38 million, representing an increase of HK$10.60 million or 33.35% as compared to HK$31.78 million in the corresponding period ended 31 January 2014.

Distribution costs

Distribution cost amounted to HK$33.33 million, representing a slight decrease of HK$0.10 million or 0.30% as compared to HK$33.43 million in the corresponding period ended 31 January 2014.

General and administrative expenses

General and administrative expenses amounted to HK$48.23 million during the period under review, representing an increase of HK$5.63 million or 13.22% as compared to HK$42.60 million in the corresponding period ended 31 January 2014. The increase was primarily due to the increase in equity settled share-based payment expenses of HK$0.97 million and personnel expenses of HK$2.23 million.

Other (losses)/gains – net

During the period under review, the Group recorded other net losses of HK$2.30 million as compared to net gain of HK$7.27 million in the corresponding period mainly due to net losses on disposal of property, plant and equipment of HK$2.46 million and the absence of the fair value gain of forward foreign exchange contracts of HK8.61 million.

Finance costs – net

The net finance costs for the period under review slightly increased by 0.79% or HK$0.08 million from HK$10.07 million in the corresponding period ended 31 January 2014 to HK$10.15 million.

Share of loss of an associate

The Group's share of loss of an associate of HK$0.77 million (2014: HK$0.24 million) was solely attributed to loss incurred by its associate in Vietnam.

Future prospects

In view of the uncertainty of the global economy, the Group has been operating under extremely challenging and competitive environment. Against this back drop, the Group has been, among others, looking for suitable opportunities to diversify its income and asset base to enhance Shareholders' value. Thus on 5 February 2015, the Company announced that one of its wholly owned subsidiary companies has entered into the conditional acquisition agreement to acquire a 20% interest with an option to acquire the balance 80% interest in the solar energy plant. The acquisitions provide the Group with an investment opportunity to tap into the solar energy industry which could generate revenue and stable cashflow to the Group.

The Group will continue to emphasise on providing a full range of integrated manufacturing services to its customers. With potential exposure in solar energy industry, the Group can also explore any business potential in its value chain such as manufacturing and assembling parts and modules required for solar power plants, capitalising on the Group existing strengths and expertise.

LIQUIDITY AND FINANCIAL RESOURCES

During the period under review, the Group financed its operations and investing activities mainly by internally generated operating cash flow and bank borrowings. As at 31 January 2015, the Group had cash and bank deposits of HK$155.85 million (31 July 2014: HK$114.56 million), of which HK$20.64 million (31 July 2014: HK$21.14 million) was pledged to the banks for the facilities granted to the Group. 31.13%, 41.60% and 27.25% of cash and bank deposits are denominated in United States dollars ("**USD**"), Renminbi ("**RMB**") and Hong Kong dollars ("**HK$**"), respectively.

As at 31 January 2015, the Group had outstanding interest-bearing bank borrowings of HK$348.92 million (31 July 2014: HK$449.95 million). The total borrowings were denominated in USD (82.23%) and RMB (17.77%), and the maturity profile is as follows:

	As at 31 January 2015		As at 31 July 2014	
Repayable	***HK$ million***	*%*	*HK$ million*	*%*
Within one year	**179.42**	**51.42**	254.94	56.66
After one year but within two years	**46.52**	**13.33**	195.01	43.34
After two years but within five years	**122.98**	**35.25**	–	–
Total borrowings	**348.92**	**100.00**	449.95	100.00
Cash and bank deposits	**(155.85)**		(114.56)	
Net borrowings	**193.07**		335.39	

As at 31 January 2015, the Group's net current assets were HK$100.96 million (31 July 2014: HK$2.63 million). As at 31 January 2015, the Group has undrawn bank facilities of HK$161.46 million for working capital purposes. The improvement in net current assets position is mainly due to the placement of 266,680,000 shares of the Company on 9 December 2014 which raised net proceeds of HK$117.0 million to the Group.

CHARGES ON ASSETS

As at 31 January 2015, certain assets of the Group with an aggregate carrying value of HK$327.11 million (31 July 2014: HK$369.21 million) were pledged to secure loan and trade financing facilities for the Group.

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to foreign currency risk 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 were primarily HK$ and USD.

During the period under review, the Group has made net foreign exchange gains of HK$0.17 million (2014: net foreign exchange gains of HK$7.26 million) mainly due to the realised gain on forward foreign exchange contracts of HK$0.91 million, unrealised and realised foreign exchange loss of HK$0.26 million and unrealised loss on forward foreign exchange contracts of HK$0.48 million.

Most of the Group's sales transactions are denominated in USD and certain payments of the Group were made in RMB and HK$. In view of fluctuation of the RMB against the USD during the period under review, the Group was exposed to foreign currency risk in respect of certain trade receivables denominated in USD.

As at 31 January 2015, the notional amounts of the outstanding forward foreign exchange contracts were USD10.60 million (31 July 2014: USD20.50 million). Management 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 January 2015, the Group had a total of 2,940 employees (31 July 2014: 3,584). During the period under review, the Group did not make significant change to the Group's remuneration policies. Human resource expenses of the Group (excluding Directors' remuneration and equity settled share-based payment expenses) for the period under review amounted to HK$105.67 million (2014: HK$112.87 million). The decrease in human resource expenses was mainly due to the reduction in the number of employees during the period under review. 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.

The Group has adopted a provident fund scheme for its employees in Hong Kong in accordance with the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). The Group is contributing mandatory government pension scheme for its employees in the PRC.

As a public listed entity, the Group has adopted a share option scheme to provide incentives to eligible directors and employees to participate in the Group's success.

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

During the six months period under review, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's interim financial results for the six months ended 31 January 2015 and is of the opinion that such statements comply with the applicable accounting standards, the Rules ("**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the requirements of applicable laws, codes and regulations and that adequate disclosure pursuant thereto have been made.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions ("**Code Provisions**") of the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Listing Rules throughout the six months under review except for the deviations from Code Provision A.2.1 in respect of segregation of the roles of chairman and chief executive officer.

According to Code Provision A.2.1 under the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Beh Kim Ling and Mr. Gan Sem Yam 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 A.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.

COMPLIANCE WITH APPENDIX 10 TO THE LISTING RULES

The Company has adopted a securities dealing code ("**SD Code**") regarding the dealings of the Directors and members of the senior management of the Group in securities of the Company, on terms no less exacting than the required standard under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

The Company, having made specific enquiry on all Directors, is not aware of any non-compliance by any Director during the period under review with the SD Code and Appendix 10 to the Listing Rules throughout the six months period ended 31 January 2015.

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

Macau, the PRC
21 March 2015

List of all 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. Lee Soo Gee
Mr. Tang Sim Cheow

Non-executive Director:
Mr. Gan Tiong Sia