THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in V.S. International Group Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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)

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE TARGET COMPANY INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

Gram Capital Limited
嘉林資本有限公司

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A notice convening the EGM to be held at V.S. Industry Berhad's corporate office, No. 88, Jalan I-PARK SAC 5, Taman Perindustrian I-PARK SAC, 81400 Senai, Johor, Malaysia on Tuesday, 18 June 2024 at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular.

A letter from the Board is set out on pages 5 to 20 to this circular. A letter from the Independent Board Committee is set out on pages 21 to 22 to this circular. A letter from Gram Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 23 to 37 to this circular.

Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the EGM (no later than 11:00 a.m. on Sunday, 16 June 2024 (Hong Kong time)) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish and in such case, the form of proxy previously submitted shall be deemed to be revoked.

24 May 2024

CONTENTS

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

"Acquisition"	the sale and purchase of the Sale Shares from B&E to V.S. Holding
"Board"	the board of Directors
"Business Day(s)"	a day (excluding Saturday, Sunday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a "black" rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which commercial banks are open for business in Hong Kong and Vietnam
"B&E"	B&E Holding Limited, a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which was owned by Mr. Beh Kim Siea, a connected person of the Company
"Call Option"	the option granted to V.S. Holding for the acquisition of the then remaining issued shares of the Target Company beneficially and wholly owned by B&E
"Call Option Agreement"	the call option agreement to be entered into between V.S. Holding and B&E, which sets out, among others, the terms and conditions of the Call Option, at Completion
"Call Option Share(s)"	all of the then remaining issued shares of the Target Company beneficially and wholly owned by B&E (i.e. 11,710,031 shares, representing approximately 27.61% of the issued share capital of the Target Company as at the Latest Practicable Date)
"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 Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
"Completion Date"	means the seventh Business Day after which all Conditions Precedent have been fulfilled (or effectively waived); or any other date as V.S. Holding and B&E may agree in writing

"Condition(s) Precedent"	the condition(s) precedent in relation to the sale and purchase of the Sale Shares in accordance with the terms of the Sale and Purchase Agreement
"connected person"	has the meaning ascribed to it under the Listing Rules and the word "connected" shall be construed accordingly
"Consideration"	the consideration payable for the Sale Shares under the Sale and Purchase Agreement
"Consideration Share(s)"	203,571,429 Shares to be allotted and issued by the Company to B&E as partial settlement of the Consideration pursuant to the Sale and Purchase Agreement
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened and held to consider and approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including the issue of the Consideration Shares and the grant of the Call Option
"Enlarged Group"	the Group including the Target Group after Completion
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee of the Board, comprising all the independent non-executive Directors, namely Mr. Tang Sim Cheow, Ms. Fu Xiao Nan and Mr. Wan Mohd Fadzmi, established for the purpose of advising the Independent Shareholders in connection with the transactions contemplated under the Sale and Purchase Agreement, including the issue of the Consideration Shares and the grant of the Call Option
"Independent Financial Adviser" or "Gram Capital"	Gram Capital Limited, a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in connection with the transactions contemplated under the Sale and Purchase Agreement, including the issue of the Consideration Shares and the grant of the Call Option

"Independent Shareholder(s)	the Shareholder(s) other than Shareholders who have a material interest in the resolutions to be passed at the EGM and must abstain from voting on the resolutions under the Listing Rules
"independent third party(ies)"	person(s) who or company(ies) who is/are third party(ies) independent of the Company and its connected person
"Latest Practicable Date"	21 May 2024, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	30 September 2024 or such later date as may be agreed in writing by B&E and V.S. Holding
"Material Adverse Change"	any change (or effect) which has a material and adverse effect on the financial position, business or property, results of operation or prospects of the Target Group as a whole
"PAT"	means profit after tax of the Target Group
"PRC"	the People's Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
"Production Facility"	an industrial development situated located at Lot C1 & C2, Que Vo Industrial Park, Van Duong Ward, Bac Ninh City, Bac Ninh Province, Vietnam
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the sale and purchase agreement dated 21 February 2024 entered into between V.S. Holding and B&E, pursuant to which V.S. Holding conditionally agreed to acquire and B&E conditionally agreed to sell the Sale Shares
"Sale Share(s)"	18,361,658 ordinary shares of VND10,000 (equivalent to approximately HK$3.18) each of the Target Company beneficially owned by B&E
"Share(s)"	ordinary share(s) of HK$0.05 each in the share capital of the Company
"Shareholder(s)"	the shareholder(s) of the Company

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	VS Industry Vietnam Joint Stock Company, a joint stock company incorporated in Vietnam and an associated company of the Company as at the Latest Practicable Date
"Target Group"	the Target Company and its subsidiary, namely VS Technology Company Limited
"USA"	the United States of America
"US$" or "USD"	United States dollar, the lawful currency of the USA
"Valuer"	Roma Appraisals Limited, an independent valuer engaged by the Company
"Vietnam"	the Socialist Republic of Vietnam
"VND"	Vietnamese dong, the lawful currency of Vietnam
"V.S. Holding"	V.S. Holding Vietnam Limited, a company incorporated in the British Virgin Islands with limited liability, and a direct wholly-owned subsidiary of the Company
"%"	per cent

For the purpose of this circular, unless otherwise specified, conversions of (i) US$ into HK$ are based on the approximate exchange rate of US$1.00 to HK$7.8104; (ii) HK$ into VND are based on the approximate exchange rate of HK$1.00 to VND3,148.59; and (iii) RMB into HK$ are based on the approximate exchange rate of RMB1.00 to HK$1.09.

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)

Executive Directors:
Mr. Beh Kim Ling
Mr. Beh Chern Wei
Mr. Zhang Pei Yu
(Ms. Beh Hwee Sze as his alternate)

Independent non-executive Directors:
Mr. Tang Sim Cheow
Ms. Fu Xiao Nan
Mr. Wan Mohd Fadzmi

Registered office:
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong
40th Floor, Jardine House
1 Connaught Place, Central
Hong Kong

24 May 2024

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE TARGET COMPANY INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

I. INTRODUCTION

Reference is made to the announcement of the Company dated 21 February 2024.

The purpose of this circular is to provide you with, among other things, (i) a letter from the Board containing further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee containing the view of the Independent Board Committee on the Sale and Purchase Agreement and the transactions contemplated thereunder; (iii) a letter from Gram Capital advising the Independent Board Committee and the Independent Shareholders; and (iv) notice of the EGM.

II. THE ACQUISITION

On 21 February 2024 (after trading hours), V.S. Holding (as purchaser) and B&E (as vendor) entered into the Sale and Purchase Agreement pursuant to which V.S. Holding conditionally agreed to acquire and B&E conditionally agreed to sell the Sale Shares, being approximately 43.29% of the issued share capital of the Target Company, at the Consideration of HK$69.00 million.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out as follows:

Date:	21 February 2024
Parties:	(1) V.S. Holding, as the purchaser; and
	(2) B&E, as the vendor.

Conditions Precedent

Completion is subject to and conditional upon the satisfaction or waiver (if applicable) of the following conditions:

(i) the approval by the Independent Shareholders at the EGM of the Sale and Purchase Agreement and the transactions contemplated hereby (including the issue of the Consideration Shares and the grant of the Call Option), and all other consents and acts required under the Listing Rules (where applicable) having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange (where applicable);

(ii) the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the Consideration Shares;

(iii) all requisite waivers, consents and approvals from (a) the Industrial Zones Authority of Bac Ninh province (Bac Ninh IZA) (being the relevant regulatory authority in Vietnam), and any other relevant governments or regulatory authorities (if required); and (b) other relevant shareholders of the Target Company and any other relevant third parties (if required), in connection with the transactions contemplated by the Sale and Purchase Agreement having been obtained and remaining in full force and effect;

(iv) V.S. Holding being reasonably satisfied with the results of the due diligence exercise (whether legal, accounting, financial, operational, or other aspects that V.S. Holding considers relevant) on the Target Group, their related assets, liabilities, activities, operations, prospects and other status which V.S. Holding, its agents or professional advisers think necessary and appropriate to conduct; and

(v) V.S. Holding being satisfied that, from the date of the Sale and Purchase Agreement to Completion, there has not been any Material Adverse Change in respect of any member of the Target Group and as a whole.

V.S. Holding may waive any of the Conditions Precedent (other than Conditions Precedent (i) to (iii) above) at its sole and absolute discretion at or before 12:00 noon (Hong Kong time) on the Long Stop Date. If the Conditions Precedent have not been fulfilled in full (or waived, where applicable) on or before 12:00 noon (Hong Kong time) on the Long Stop Date, all rights and obligations of the parties hereunder (other than clauses relating to confidentiality and governing law and jurisdiction under the Sale and Purchase Agreement shall remain in full force and effect) shall cease and terminate, and no party to the Sale and Purchase Agreement shall have any claim against or liability to the other party with respect to any matter referred to in the Sale and Purchase Agreement save for any antecedent breaches of the Sale and Purchase Agreement.

Condition Precedent (iv) relates to whether V.S. Holding is reasonably satisfied with the results of the due diligence exercise on the Target Group. It is not improbable that during the due diligence exercise, V.S. Holding and/or its advisers identify areas which they are not satisfied with, but of a minor nature. For areas that V.S. Holding and/or its advisers are not satisfied with but of a minor nature, it will be in the interests of V.S. Holding to waive Condition Precedent (iv) and proceed to Completion. Therefore, it is agreed between the parties to the Sale and Purchase Agreement that V.S. Holding may waive Condition Precedent (iv), which is considered as a normal commercial term to allow flexibility.

It is at V.S. Holding's sole and absolute discretion to decide whether to waive Condition Precedent (iv) and/or Condition Precedent (v). As at the Latest Practicable Date, V.S. Holding has no intention to waive any of the Conditions Precedent. The Directors have the duty to carry out independent and sufficient investigation and due diligence on the Target Group, and will ensure that a Condition Precedent will only be waived when (i) the quality of the Target Group is ensured; (ii) it will not affect the substance of the Acquisition; (iii) it is under fair and reasonable circumstances and (iv) it is in the interests of the Company and the Shareholders.

As at the Latest Practicable Date, none of the Conditions Precedent has been waived and Condition Precedent (iii)(b) has been fulfilled.

Consideration

Pursuant to the Sale and Purchase Agreement, the Consideration payable by V.S. Holding for the Sale Shares is HK$69.00 million. The Consideration shall be satisfied by (i) payment in cash of HK$12.00 million; and (ii) the allotment and issue of Consideration Shares at the issue price of HK$0.28 per Consideration Share on the Completion Date.

Basis of the Consideration

The Consideration was arrived at based on normal commercial terms after arm's length negotiation among the parties to the Sale and Purchase Agreement, after taking into account, among others, the preliminary valuation of 43.29% equity value of the Target Group of HK$69.00 million based on market-based approach as at 30 November 2023 prepared by the Valuer, together with, (i) the well-established business, solid customer base and production capabilities of the Target Group; (ii) the financial performance and prospects of the businesses operated by the Target Group; and (iii) the reasons and benefits of the Acquisition as stated under the paragraph headed "Reasons for and benefits of the Acquisition" in this letter.

The Target Company was set up in 2006 with a long-established principal business in Plastic Injection and Moulding, Assembling of Electronic Products and Mould Design and Fabrication (as defined below). Its major customers include international brands located in Europe and the USA, including multinational corporations, listed companies and leading manufacturers in various industries. The Target Company possesses the production capacity to deliver "one-stop service" from designing and fabricating the plastic moulds for injections, to full-assembly of electronic products for its customers. It has more than 150 units of plastic injection machines with an experienced work force in its Production Facility, which is situated at a strategic location with a usable area of over 26,000 square metres. For the two years ended 31 July 2023, the net profit after taxation of the Target Group was approximately HK$20.05 million and HK$23.85 million respectively. Considering that Vietnam has become a major beneficiary of manufacturers' efforts to "de-risk" their exposure as to geopolitical tensions and enjoys foreign trade opportunities by entering into various free trade agreements with various countries, and that it also enjoys lower labour costs compared to the labour costs in the PRC, coupled with the well-established business, solid customer base and production capabilities of the Target Group, it is considered that there is room for further financial and business development of the Target Group.

The Consideration Shares and the Issue Price

The Consideration Shares represent (i) approximately 8.82% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 8.11% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there will be no change in the issued share capital of the Company other than the allotment and issue of Consideration Shares). The authorised share capital of the Company as at the Latest Practicable Date was HK$200,000,000, comprising 4,000,000,000 Shares.

The issue price of HK$0.28 per Consideration Share was arrived at after arm's length negotiation among the parties to the Sale and Purchase Agreement after taking into account of, among others, the total equity attributable to owners of the Company and the preliminary valuation on the landed properties of the Group as at 31 July 2023, which represents:

(i) a premium of approximately 191.67% over the closing price of HK$0.096 per Share as quoted on the Stock Exchange on 21 February 2024, being the date of the Sale and Purchase Agreement;

(ii) a premium of approximately 196.61% over the average of the closing price of HK$0.0944 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to 21 February 2024, being the date of the Sale and Purchase Agreement;

(iii) a premium of approximately 211.11% over the closing price of HK$0.090 per Share as quoted on the Stock Exchange on 21 May 2024, being the Latest Practicable Date; and

(iv) a premium of approximately 112.12% over the net asset value per Share as at 31 July 2023 (i.e. HK$0.132 per Share).

The aggregate nominal value of share capital for the Consideration Shares is approximately HK$10.18 million. The Consideration Shares, when allotted and issued, will rank pari passu in all aspects with, and having the same rights in all aspects with the other Shares in issue on the date of allotment and issue of the Consideration Shares. The allotment and issue of the Consideration Shares will not result in a change in control of the Company.

The Consideration Shares will be allotted and issued pursuant to a specific mandate to allot, issue and deal in the Consideration Shares. The grant of such specific mandate will be sought from the Independent Shareholders at the EGM. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Company has not conducted any issue of equity securities in the past 12 months immediately before the Latest Practicable Date.

Completion

Completion shall take place on the seventh Business Day after which all Conditions Precedent have been fulfilled (or effectively waived) (or any other date as V.S. Holding and B&E may agree in writing).

Financial effect of the Acquisition

As at the Latest Practicable Date, the Company indirectly owned approximately 18.74% of the issued share capital of the Target Company through V.S. Holding. Upon Completion, the Company will indirectly own approximately 62.03% of the issued share capital of the Target Company through V.S. Holding. The Target Company will become a non-wholly owned subsidiary of the Company and the financial results of which will be consolidated into the financial statements of the Company.

Appendix IV to this circular presents the unaudited pro forma financial information of the Enlarged Group and describes the basis of preparation thereof.

(i) Earnings

Assuming that Completion had taken place on 1 August 2022, the unaudited pro forma consolidated statement of comprehensive income of the Enlarged Group will change from total comprehensive loss for the year and attributable to owners of the Company of approximately RMB22.65 million to total comprehensive income for the year and attributable to owners of the Company of approximately RMB35.35 million as indicated in the unaudited pro forma consolidated statement of comprehensive income of the Enlarged Group contained in Appendix IV to this circular. Further details on the unaudited pro forma financial information of the Enlarged Group is set out in Appendix IV to this circular.

(ii) Assets and liabilities

Assuming that Completion had taken place on 31 January 2024, the unaudited pro forma total assets of the Enlarged Group as at 31 January 2024 will increase from approximately RMB310.49 million to approximately RMB669.41 million and total liabilities will increase from approximately RMB37.36 million to approximately RMB267.04 million as indicated in the unaudited pro forma consolidated statement of financial position of the Enlarged Group contained in Appendix IV to this circular.

III. EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that there will be no change in the issued share capital of the Company other than the allotment and issue of the Consideration Shares, the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the issue and allotment of the Consideration Shares are set out below for illustrative purposes:

Name of shareholder	As at the Latest Practicable Date		Immediately after the issue and allotment of the Consideration Shares	
	No. of Shares	*Approximate %*	*No. of Shares*	*Approximate %*
Mr. Beh Kim Ling and his related parties				
Mr. Beh Kim Ling *(Note 1)*	158,904,532	6.89	158,904,532	6.33
V.S. Industry Berhad *(Note 2)*	1,000,109,963	43.34	1,000,109,963	39.83
Mr. Gan Sem Yam *(Note 3)*	44,671,395	1.94	44,671,395	1.78
Ms. Gan Chian Yi *(Note 4)*	39,464,093	1.71	39,464,093	1.57
Mr. Beh Chern Wei *(Note 5)*	37,111,960	1.61	37,111,960	1.48
Ms. Beh Hwee Sze *(Note 6)*	30,206,960	1.31	30,206,960	1.20
Ms. Beh Hwee Lee *(Note 7)*	24,571,961	1.06	24,571,961	0.98
Mr. Gan Tiong Sia *(Note 8)*	17,215,074	0.75	17,215,074	0.69
Ms. Gan Swu Juan *(Note 9)*	16,300,000	0.71	16,300,000	0.65
B&E *(Note 10)*	–	–	203,571,429	8.11
Sub-total (Note 11)	***1,368,555,938***	***59.32***	***1,572,127,367***	***62.62***
Other Directors				
Mr. Tang Sim Cheow *(Note 12)*	639,130	0.03	639,130	0.03
Mr. Zhang Pei Yu *(Note 13)*	2,000	0.00	2,000	0.00

Name of shareholder	As at the Latest Practicable Date		Immediately after the issue and allotment of the Consideration Shares	
	No. of Shares	*Approximate %*	*No. of Shares*	*Approximate %*
Public Shareholders	938,316,295	40.65	938,316,295	37.35
Total	**2,307,513,363**	**100.00%**	**2,511,084,792**	**100.00%**

Notes:

(1) Mr. Beh Kim Ling is an executive Director and the chairman of the Board. He is the brother-in-law of Mr. Gan Sem Yam and Mr. Gan Tiong Sia, and the father of Mr. Beh Chern Wei, Ms. Beh Hwee Sze and Ms. Beh Hwee Lee.

(2) V.S. Industry Berhad ("**VS Berhad**") is the holding company of the Company which is listed on the Main Market of Bursa Malaysia Securities Berhad. Mr. Beh Kim Ling is the executive chairman of VS Berhad and held approximately 9.27% shares of VS Berhad.

(3) Mr. Gan Sem Yam is a brother-in-law of Mr. Beh Kim Ling, a brother of Mr. Gan Tiong Sia, and an uncle of Mr. Beh Chern Wei, Ms. Beh Hwee Sze and Ms. Beh Hwee Lee.

(4) Ms. Gan Chian Yi is a daughter of Mr. Gan Sem Yam and a niece of Mr. Beh Kim Ling.

(5) Mr. Beh Chern Wei is an executive Director. He is a son of Mr. Beh Kim Ling, a nephew of Mr. Gan Sem Yam and Mr. Gan Tiong Sia, and a brother of Ms. Beh Hwee Sze and Ms. Beh Hwee Lee.

(6) Ms. Beh Hwee Sze is the alternate Director to Mr. Zhang Pei Yu. She is a daughter of Mr. Beh Kim Ling, a niece of Mr. Gan Sem Yam and Mr. Gan Tiong Sia, and a sister of Mr. Beh Chern Wei and Ms. Beh Hwee Lee.

(7) Ms. Beh Hwee Lee is a daughter of Mr. Beh Kim Ling, a niece of Mr. Gan Sem Yam and Mr. Gan Tiong Sia, and a sister of Mr. Beh Chern Wei and Ms. Beh Hwee Sze.

(8) Mr. Gan Tiong Sia is a brother-in-law of Mr. Beh Kim Ling, a brother of Mr. Gan Sem Yam, and an uncle of Mr. Beh Chern Wei, Ms. Beh Hwee Sze and Ms. Beh Hwee Lee.

(9) Ms. Gan Swu Juan is a daughter of Mr. Gan Tiong Sia and a niece of Mr. Beh Kim Ling.

(10) As at the Latest Practicable Date, B&E was wholly owned by Mr. Beh Kim Siea, brother of Mr. Beh Kim Ling and uncle of Mr. Beh Chern Wei, Ms. Beh Hwee Sze and Ms. Beh Hwee Lee.

(11) Mr. Beh Kim Ling and his related parties include Mr. Beh Kim Ling, VS Berhad, Mr. Gan Sem Yam, Ms. Gan Chian Yi, Mr. Beh Chern Wei, Ms. Beh Hwee Sze, Ms. Beh Hwee Lee, Mr. Gan Tiong Sia, Ms. Gan Swu Juan and B&E. As Mr. Beh Kim Ling and his related parties are considered to have material interest in the resolution(s) approving the Sale and Purchase Agreement and the transactions contemplated thereunder, including the issue of the Consideration Shares and the grant of the Call Option, they will abstain from voting at the EGM.

(12) Mr. Tang Sim Cheow is an independent non-executive Director.

(13) Mr. Zhang Pei Yu is an executive Director.

IV. THE CALL OPTION

Pursuant to the Sale and Purchase Agreement, subject to Completion, V.S. Holding has full discretion to purchase all of the then remaining issued shares of the Target Company beneficially and wholly owned by B&E (i.e. 11,710,031 shares, representing approximately 27.61% of the issued share capital of the Target Company as at the Latest Practicable Date) (i.e. the Call Option). The parties shall enter into the Call Option Agreement which sets out, among others, the terms and conditions of the Call Option, at Completion. No premium is required for the grant of the Call Option.

Exercise period

The Call Option may be exercised by V.S. Holding within the following option periods:

(a) if the Target Group achieves an audited PAT of US$3.00 million (equivalent to approximately HK$23.43 million) or above ("**PAT Target**") during any financial year on or before 31 July 2026, the Call Option is exercisable by V.S. Holding at any time within 12 months from the Target Group achieving the PAT Target ("**Option Period A**"); or

(b) if the Target Group fails to achieve the PAT Target during any financial year on or before 31 July 2026, the Call Option is exercisable by V.S. Holding at any time from 1 August 2027 until 31 July 2028 ("**Option Period B**").

The PAT Target was determined after arm's length negotiation among the parties to the Call Option Agreement, after taking into account, among others, the unaudited consolidated PAT of approximately HK$13.97 million (equivalent to approximately US$1.79 million) of the Target Group for the year ended 31 July 2023 (as disclosed in the paragraph headed "Financial information of the Target Group" below), and the upward business trend of the Target Group considering the business and financial prospect of the Target Group, the customer base and production capabilities of the Target Group and the room for growth and profitability of the Target Group after the Acquisition. In particular, in 2023, the Target Group phased out the production for a certain customer with products that had a relatively lower profit margin, and obtained a new customer in 2024 with a higher profit margin. With the Target Group's strategy to improve product mix, it was expected that the PAT of the Target Group will improve and the PAT Target of US$3.00 million is achievable notwithstanding the unaudited consolidated PAT of approximately US$1.79 million of the Target Group for the year ended 31 July 2023. It is also noted that the audited consolidated PAT of the Target Group for the year ended 31 July 2023 is approximately US$3.05 million, further demonstrating that the PAT Target of US$3.00 million is achievable.

If the Call Option is not exercised within the above option periods, the Call Option shall lapse on the expiry of the Option Period A or the Option Period B (as the case may be) and all rights and obligations of the parties under the Call Option Agreement (other than confidentiality obligations which shall remain in full force and effect) shall cease and terminate, and no party to the Call Option Agreement shall have any claim against or liability to the other party with respect to any matter referred to the Call Option Agreement save for any antecedent breaches of the Call Option Agreement.

Pursuant to Rule 14A.79(4) of the Listing Rules, if the Company decides not to exercise the Call Option by the expiry of the Option Period A or the Option Period B (as the case may be) and allows the Call Option to lapse upon expiry, the Company will be required to treat as if the Call Option has been exercised. Accordingly, the Company will be required to compute the applicable percentage ratios in respect of the non-exercise of the Call Option, and the Company may be subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules, depending on the amount of the applicable percentage ratios. The Company will comply with the relevant Listing Rules as and when appropriate.

Exercise price

The exercise price of the Call Option will be based on the market value of the Target Group to be determined by an independent valuer agreeable to both parties. V.S. Holding shall serve an exercise notice to B&E exercising the Call Option within the Option Period A or the Option Period B (as the case may be). The exercise price of the Call Option shall be fixed at least 10 Business Days before the service of the exercise notice by V.S. Holding.

As at the Latest Practicable Date, V.S. Holding intended to exercise the Call Option in accordance with the Call Option Agreement taking into account of the potential business and financial prospect of the Target Group. Pursuant to Rule 14A.79(3) of the Listing Rules, at the time of exercise of the Call Option, the Company will be required to compute the applicable percentage ratios in respect of the exercise of the Call Option. The Company will comply with the relevant Listing Rules and announce the details of the exercise of the Call Option, including but not limited to the amount of the exercise price of the Call Option, as and when appropriate.

V. INFORMATION ON THE GROUP

The Group is principally engaged in (i) the manufacturing and sale of plastic moulded products and parts ("**Plastic Injection and Moulding**"); (ii) assembling of electronic products ("**Assembling of Electronic Products**") and (iii) moulds design and fabrication ("**Mould Design and Fabrication**"). The major customers of the Group are located in the PRC. The Group's main production facility is located at Zhuhai, the PRC.

VI. INFORMATION ON B&E

B&E is an investment holding company incorporated under the laws of the British Virgin Islands, the entire issued share capital of which is owned by Mr. Beh Kim Siea, (i) a brother of Mr. Beh Kim Ling who is the chairman of the Board and an executive Director; (ii) an uncle of Mr. Beh Chern Wei, an executive Director; and (iii) an uncle of Ms. Beh Hwee Sze, the alternate Director to Mr. Zhang Pei Yu, an executive Director.

VII. INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in Vietnam in 2006 by Mr. Beh Kim Siea and another shareholder. In 2006, Mr. Beh Kim Siea transferred approximately 18.8% of the then existing issued share capital of the Target Company to V.S. Holding, and the Target Company has been an associated company of the Company since 2006. Mr. Beh Kim Ling, the chairman of the Board and an executive Director, is also the chairman of the Target Company. B&E contributed capital of approximately US$14.80 million (equivalent to approximately HK$115.59 million) for approximately 70.90% of the issued share capital of the Target Company. The original acquisition cost of the Sale Shares to B&E was approximately US$9.03 million (equivalent to approximately HK$70.53 million).

The Target Company has the same principal business as the Group (i.e. Plastic Injection and Moulding, Assembling of Electronic Products and Mould Design and Fabrication). It holds the title of a piece of land in Vietnam with a site area of over 26,000 square metres with an industrial development, which is used as its current operating production facility (i.e. the Production Facility). As at 30 November 2023, the Production Facility was preliminarily valued at US$14.53 million (equivalent to approximately HK$113.49 million) in total. Its major customers include international brands located in Europe and the USA. As at the Latest Practicable Date, the Target Company has one wholly-owned subsidiary, namely VS Technology Company Limited, which is a limited company incorporated in Vietnam and is principally engaged in designing, manufacturing and trading plastic moulds, and providing mould maintenance and repair services.

As at the Latest Practicable Date, the Company indirectly owned approximately 18.74% of the issued share capital of the Target Company through V.S. Holding, while B&E, Mr. Beh Kim Siea and employees of the Target Company owned approximately 70.90%, 0.35% and 1.68% of the issued share capital of the Target Company respectively. The remaining issued share capital of the Target Company was owned by (i) Toyota Tsusho (H.K.) Corporation Limited, a company incorporated in Hong Kong with limited liability and an independent third party of the Company; (ii) VNT Co., Ltd., a company incorporated in Vietnam with limited liability and an independent third party of the Company; and (iii) the Target Company itself.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, apart from V.S. Holding, B&E, Mr. Beh Kim Siea and certain employees of the Target Company who are relatives of Mr. Beh Kim Ling, all shareholders of the Target Company and their respective ultimate beneficial owners are independent third parties of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, there has been no material loan arrangement between (a) B&E, its sole director and/or its sole and ultimate beneficial owner; and (b) the Company, any connected person at the Company's level (except B&E, its sole director and/or its sole and ultimate beneficial owner) and/or any connected person at V.S. Holding in the past 12 months immediately before and up to the Latest Practicable Date.

Assuming that there will be no change in the issued share capital of the Target Company, the shareholding structure of the Target Company (i) as at the Latest Practicable Date; (ii) immediately after Completion; and (iii) immediately after the exercise of the Call Option, are set out below for illustrative purposes:

Name of Shareholder	As at the Latest Practicable Date		Immediately after Completion		Immediately after the exercise of the Call Option	
	No. of shares	*Approximate %*	*No. of shares*	*Approximate %*	*No. of shares*	*Approximate %*
B&E	30,071,689	70.90	11,710,031	27.61	–	–
V.S. Holding	7,947,700	18.74	26,309,358	62.03	38,019,389	89.64
Toyota Tsusho (H.K.) Corporation Limited	2,280,000	5.37	2,280,000	5.37	2,280,000	5.37
VNT Co., Ltd.	855,000	2.02	855,000	2.02	855,000	2.02
Employees of the Target Company	714,821	1.68	714,821	1.68	714,821	1.68
Mr. Beh Kim Siea	147,700	0.35	147,700	0.35	147,700	0.35
Target Company	397,179	0.94	397,179	0.94	397,179	0.94
Total	42,414,089	100.00%	42,414,089	100.00%	42,414,089	100.00%

Financial information of the Target Group

Set out below is the audited consolidated financial information of the Target Group for the two years ended 31 July 2023 and the unaudited consolidated financial information of the Target Group six months ended 31 January 2024:

	For the year ended 31 July 2022 *(US$'000)*	**For the year ended 31 July 2023** *(US$'000)*	**For the six months ended 31 January 2024** *(US$'000)*
Net profit before taxation	2,814 *(equivalent to approximately HK$21,978,466)*	3,463 *(equivalent to approximately HK$27,047,415)*	2,004 *(equivalent to approximately HK$15,673,231)*
Net profit after taxation	2,567 *(equivalent to approximately HK$20,049,297)*	3,053 *(equivalent to approximately HK$23,845,151)*	1,849 *(equivalent to approximately HK$14,457,836)*

The audited consolidated net assets value of the Target Group as at 31 July 2023 was approximately US$16.23 million (equivalent to approximately HK$126.75 million) and the unaudited consolidated net assets value of the Target Group was approximately US$18.08 million (equivalent to approximately HK$141.32 million) as at 31 January 2024. As at 30 November 2023, the Target Group was preliminarily valued at HK$160.00 million based on market-based approach by the Valuer. The Valuer adopted the market-based approach to determine the value of the Target Group, which was based on, among others, the price-earning ratios of comparable companies, instead of the net assets value of the Target Group.

Each of the net assets value of the Target Group and the market value of the Target Group is arrived at by using different calculation methods. Thus, the net assets value of the Target Group did not reflect the market value of the Target Group. The net assets value of the Target Group is the balance sheet value of the Target Group's net assets, which did not reflect, among others, upward adjustments of assets based on the market value, potential intangible assets (e.g. customer relationship) and goodwill. The market value of the Target Group was based on, among others, the price-earning ratios of comparable companies, instead of the net assets value of the Target Group. The Valuer obtained the estimated market value of the Target Group as at 30 November 2023 by applying the P/E multiple adopted to the estimated net profit of the Target Group contributable to the trailing 12-month period ended 30 November 2023. The estimated market value of the Target Group was then arrived after adjustments on non-operating assets, non-operating liabilities and the marketability discount. For further details, please refer to Appendix VI to this circular. Therefore, there is a difference between the net assets value and market value of the Target Group.

As advised by the Valuer, market-based approach is considered a common method when market comparables are available. Market-based approach was therefore adopted as it is considered an appropriate method to reflect a fair and reasonable value of the Target Group given the availability of comparable market data.

VIII. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group and the Target Group have the same business model and business segments (i.e. Plastic Injection and Moulding, Assembling of Electronic Products and Mould Design and Fabrication), and that they possess the same production technology and technical know-how.

It is expected that the Acquisition could expand the Group's customer base and product offering as an enlarged group, i.e. with the existing Group and the Target Group after the Acquisition. It could also expand the business reach of the Group to tap into the Vietnam manufacturing market to enjoy the lower labour costs and the favourable development opportunities available to the Target Group and other manufacturers operating in Vietnam, and to diversify the Group's business market.

The Group's major customers are based in the PRC with their targeted market focusing in the PRC. On the other hand, the major customers of the Target Group are more international with more global targeted markets including Asia, Europe and the USA. The Group's current product offering includes the production of plastic injection parts, assembling and/or manufacturing of moulds for electronic pianos, air purifiers and water purifiers. On the other hand, the Target Group's product offering mainly includes the production of plastic injection parts, assembling and/or manufacturing of moulds for office printers, paper towel dispensers, cutlery dispensers, cup dispensers, portable toilets and medical products.

After the Acquisition, it is expected that the Enlarged Group will have a broader customer base, with both PRC domestic as well as international customers. On the other hand, the Enlarged Group would also have a broader product offering, and the Enlarged Group could utilise its broadened product offering to serve more customers or potential customers with different product requirements.

Moreover, Vietnam has become a major beneficiary of manufacturers' efforts to "de-risk" their exposure as to geopolitical tensions and enjoys foreign trade opportunities by entering into various free trade agreements with various countries. It also enjoys lower labour costs compared to the labour costs in the PRC. After the Acquisition, not only the Enlarged Group will have a broader customer base and product offering, it will also be able to enjoy the favourable business opportunities available to manufacturers in Vietnam and lower labour cost as compared with that in the PRC.

The Enlarged Group will have two production bases with increased production capacities which can cater for demands from different customers or potential customers. It is believed that these can facilitate the business development of the Enlarged Group to attract and capture customers and potential customers with different product requirements, and which wish to diversify their supply chain, lower their overall production costs, or to "de-risk" their exposures to the geopolitical tensions.

It is expected that the Acquisition would expand the Group's business and enrich the Group's income stream, which will be beneficial to the Group and the Shareholders.

The Directors noted the Consideration of HK$69.00 million is higher than (i) the audited consolidated net assets value of 43.29% equity interest of the Target Group as at 31 July 2023, which is approximately US$7.03 million (equivalent to approximately HK$54.91 million); and (ii) the unaudited consolidated net assets value of 43.29% equity interest of the Target Group as at 31 January 2024, which is approximately US$7.83 million (equivalent to approximately HK$61.16 million).

The (i) audited consolidated net assets value of the Target Group of approximately US$16.23 million (equivalent to approximately HK$126.75 million) as at 31 July 2023; and (ii) the unaudited consolidated net assets value of the Target Group of approximately US$18.08 million (equivalent to approximately HK$141.32 million) as at 31 January 2024, only took into account of the book values of the assets owned by the Target Group, which did not reflect the current value of the Target Group and the Sale Shares. The net assets value did not reflect, among others, upward adjustments of assets based on the market value, potential intangible assets (e.g. customer relationship) and goodwill. As disclosed above, market-based approach is considered an appropriate method to reflect a fair and reasonable value of the Target Group. Accordingly, it is considered that the preliminary valuation of the Target Company of HK$160.00 million as at 30 November 2023 better reflects the market value of the Sale Shares than the net assets value of the Target Group.

Considering the preliminary valuation of the Target Group as at 30 November 2023, which better reflects the market value of the Sale Shares than the net assets value of theTarget Group, together with, (i) the well-established business, solid customer base and production capabilities of the Target Group; (ii) the financial performance and prospects of the businesses operated by the Target Group;

and (iii) the reasons and benefits of the Acquisition as stated above, the Directors consider that the Consideration, notwithstanding being higher than net assets value of the Target Group, is fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders.

Accordingly, the Directors (including all the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee in the circular) consider that although the transactions contemplated under the Sale and Purchase Agreement, including the grant of the Call Option, are not in the ordinary and usual course of business of the Group, the transactions are on normal commercial terms and are fair and reasonable, and are in the interests of the Group and the Shareholders as a whole.

As (i) Mr. Beh Kim Ling, an executive Director and chairman of the Board, is a brother of Mr. Beh Kim Siea, the sole owner of B&E; (ii) Mr. Beh Chern Wei, an executive Director, is a son of Mr. Beh Kim Ling and a nephew of Mr. Beh Kim Siea; and (iii) Ms. Beh Hwee Sze, the alternate Director to Mr. Zhang Pei Yu (an executive Director), is a daughter of Mr. Beh Kim Ling and a niece of Mr. Beh Kim Siea, they are deemed to be interested in the Sale and Purchase Agreement. Accordingly, Mr, Beh Kim Ling and Mr. Beh Chern Wei have abstained from voting on the relevant board resolutions of the Company. Save as disclosed, none of the Directors has any material interest in the Sale and Purchase Agreement and is required to abstain from voting on the board resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

IX. LISTING RULES IMPLICATIONS

Chapter 14 of the Listing Rules

As certain applicable percentage ratios in respect of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is subject to reporting, announcement and Shareholders' approval requirements.

As the exercise of the Call Option is at the discretion of V.S. Holding, only premium will be taken into account for the purpose of classification of notifiable transaction on the grant of the Call Option. Given the Call Option was granted at nil consideration, the applicable percentage ratios calculated in accordance with Rule 14.75(1) of the Listing Rules are less than 5% and the grant of the Call Option does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. The Company will comply with the relevant Listing Rules on the exercise of the Call Option as and when appropriate.

Chapter 14A of the Listing Rules

As at the Latest Practicable Date, B&E was wholly owned by Mr. Beh Kim Siea, brother of Mr. Beh Kim Ling, an executive Director and the chairman of the Board. Accordingly, B&E is an associate of Mr. Beh Kim Ling and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Thus, the Acquisition would constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. As certain applicable percentage ratios in respect of the Acquisition exceed 25%, the Acquisition is subject to reporting, announcement and Independent Shareholders' approval requirements.

X. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising all independent non-executive Directors) has been established to advise the Independent Shareholders in connection with the transactions contemplated under the Sale and Purchase Agreement, including the issue of the Consideration Shares and the grant of the Call Option. A letter from the Independent Board Committee is set out on pages 21 to 22 of this circular.

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the transactions contemplated under the Sale and Purchase Agreement, including the issue of the Consideration Shares and the grant of the Call Option. A letter from Gram Capital is set out on pages 23 to 37 of this circular.

XI. EGM

In order to ascertain the right to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 13 June 2024 to Tuesday, 18 June 2024 (both days inclusive) during which period no transfer of Shares will be registered.

Shareholders are reminded that in order to be entitled to attend and vote at the EGM, all completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, namely Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 12 June 2024.

A notice convening the EGM to be held at V.S. Industry Berhad's corporate office, No. 88, Jalan I-PARK SAC 5, Taman Perindustrian I-PARK SAC, 81400 Senai, Johor, Malaysia on Tuesday, 18 June 2024 at 11:00 a.m. is out on pages EGM-1 to EGM-3 of this circular. At the EGM, ordinary resolution will be proposed for the Independent Shareholders to consider and, if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including the issue of the Consideration Shares and the grant of the Call Option by way of poll.

Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the EGM (no later than 11:00 a.m. on Sunday, 16 June 2024 (Hong Kong time)) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish and in such case, the form of proxy previously submitted shall be deemed to be revoked.

Where a "black" rainstorm warning is in forced or a tropical cyclone warning signal number 8 or above is hoisted or remains hoisted or "extreme conditions" caused by super typhoons is in forced at 8: 00 a.m. on the date of the EGM, the EGM will be postponed. The Company will publish an announcement on the website of the Company (www.vs-ig.com) and the Stock Exchange (www.hkexnews.hk) to notify the Shareholders of the date, time and place of the rescheduled meeting. The EGM will be held as scheduled when an amber or red rainstorm warning signal is in force. Having considered their own situations, Shareholders should decide on their own whether they would attend the EGM under any bad weather condition and if they do so, they are advised to exercise care and caution.

Mr. Beh Kim Ling and his related parties (as disclosed under the paragraph headed "III.Effect on the shareholding structure of the Company" in this letter), holding approximately 59.32% of the total issued share capital of the Company in aggregate as at the Latest Practicable Date (i.e. 1,368,555,938 Shares in aggregate), will abstain from voting at the EGM in respect of the resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder, including the issue of the Consideration Shares and the grant of the Call Option.

XII. RECOMMENDATION

The Directors (including all the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee) consider that although the transactions contemplated under the Sale and Purchase Agreement, including the grant of the Call Option, are not in the ordinary and usual course of business of the Group, the transactions are on normal commercial terms and are fair and reasonable, and are in the interests of the Group and the Shareholders as a whole.

Accordingly, the Directors (including all the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including the issue of the Consideration Shares and the grant of the Call Option.

XIII. FURTHER INFORMATION

Your attention is also drawn to (i) letter from the Independent Board Committee; (ii) letter from Gram Capital; and (iii) the additional information set out in the appendices to this circular.

As Completion is subject to the fulfillment and/or waiver (as the case may be) of the Conditions Precedent, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

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

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in connection with the transactions contemplated under the Sale and Purchase Agreement, including the issue of the Consideration Shares and the grant of the Call Option.

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)

24 May 2024

To the Independent Shareholders

Dear Sirs or Madams,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE TARGET COMPANY INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

We refer to the circular dated 24 May 2024 (the "**Circular**") to the Shareholders of which this letter forms part. Unless otherwise specified, terms defined in the Circular shall have the same meanings in this letter.

We have been appointed to form the Independent Board Committee to advise the Independent Shareholders in connection with the transactions contemplated under the Sale and Purchase Agreement, including the issue of the Consideration Shares and the grant of the Call Option, details of which are set out in the "Letter from the Board" contained in the Circular. Gram Capital has been appointed to advise the Independent Shareholders and us in this regard.

Details of the advice and the principal factors and reasons that Gram Capital has taken into consideration in giving such advice are set out in the "Letter from Gram Capital" in the Circular. Your attention is also drawn to the "Letter from the Board" in the Circular and the additional information set out in the appendices thereto.

Having taken into account the (i) terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, including the issue of the Consideration Shares and the grant of the Call Option; and (ii) the factors referred to in the "Letter from Gram Capital" in the Circular, we are of the opinion that despite the entering into of the Sale and Purchase Agreement was not in the ordinary and usual course of business of the Company, the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are (i) fair and reasonable so far as the Shareholders (including the Independent Shareholders) are concerned; (ii) on normal commercial terms; and (iii) in the interests of the Group and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including the issue of the Consideration Shares and the grant of the Call Option.

Yours faithfully,
For and on behalf of
The Independent Board Committee

Mr. Tang Sim Cheow	**Ms. Fu Xiao Nan**	**Mr. Wan Mohd Fadzmi**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition for the purpose of inclusion in this circular.

Gram Capital Limited
嘉林資本有限公司

Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

24 May 2024

To: The Independent Board Committee and the Independent Shareholders of
V.S. International Group Limited

Dear Sir/Madam,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE TARGET COMPANY INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 24 May 2024 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

With reference to the Board Letter, on 21 February 2024 (the "**Agreement Date**"), V.S. Holding (as purchaser) and B&E (as vendor) entered into the Sale and Purchase Agreement pursuant to which V.S. Holding conditionally agreed to acquire and B&E conditionally agreed to sell the Sale Shares, being approximately 43.29% of the issued share capital of the Target Company, at the Consideration of HK$69 million. The Consideration shall be satisfied by (i) payment in cash of HK$12 million; and (ii) the allotment and issue of Consideration Shares at the issue price of HK$0.28 per Consideration Share (the "**Issue Price**") on the Completion Date.

With reference to the Board Letter, the Acquisition constitutes a very substantial acquisition and connected transaction for the Company under Chapter 14 and Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The Independent Board Committee comprising Mr. Tang Sim Cheow, Ms. Fu Xiao Nan and Mr. Wan Mohd Fadzmi, being all of the independent non-executive Directors, has been formed to advise the Independent Shareholders on (i) whether the terms of the Acquisition are on normal commercial terms and are fair and reasonable; (ii) whether the Acquisition is in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of the business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Acquisition at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

We were not aware of any relationships or interests between Gram Capital and the Company (and we did not provide any service to the Company) during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Acquisition. We consider that we have taken sufficient and necessary steps to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

We have not made any independent evaluation or appraisal of the assets and liabilities of the Target Company or its subsidiary, and we have not been furnished with any such evaluation or appraisal, save as and except for the valuation report on the Target Group (the "**Valuation Report**") as contained in Appendix VI to the Circular. The Valuation Report was prepared by Roma Appraisals Limited (the "**Valuer**"), an independent valuer. Since we are not experts in the valuation of assets or business, we have relied solely upon the Valuation Report for the market value of 43.29% equity interest of the Target Company as at 30 November 2023 (the "**Valuation Date**").

Your attention is drawn to the responsibility statements as set out in the section headed "1. RESPONSIBILITY STATEMENT" of Appendix VII to the Circular. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, B&E, the Target Company, or their respective subsidiaries or associates (if applicable), nor have we considered the taxation implication on the Group or the Shareholders as a result of the Acquisition. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Acquisition, we have taken into consideration the following principal factors and reasons:

Information on the Group

With reference to the Board Letter, the Group is principally engaged in (i) the manufacturing and sale of plastic moulded products and parts (i.e. Plastic Injection and Moulding); (ii) assembling of electronic products (i.e. Assembling of Electronic Products); and (iii) moulds design and fabrication (i.e. Mould Design and Fabrication). The major customers of the Group are located in the PRC. The Group's main production facility is located at Zhuhai, the PRC.

Set out below are the consolidated financial information of the Group for the two years ended 31 July 2023 as extracted from the Company's annual report for the year ended 31 July 2023 (the "**2022/23 Annual Report**") and the six months ended 31 January 2024 as extracted from the Company's interim report for the six months ended 31 January 2024 (the "**2024 Interim Report**"):

	For the year ended 31 July 2022 ("FY2021/22") *(audited)* *RMB'000*	For the year ended 31 July 2023 ("FY2022/23") *(audited)* *RMB'000*	For the six months ended 31 January 2024 *(unaudited)* *RMB'000*	Changes from FY2021/22 to FY2022/23 %
Revenue	121,401	76,443	36,684	(37.03)
– *Plastic Injection and Moulding*	*88,911*	*52,247*	*35,655*	*(41.24)*
– *Assembling of Electronic Products*	*29,430*	*20,026*	*895*	*(31.95)*
– *Mould Design and Fabrication*	*3,060*	*4,170*	*134*	*36.27*
Gross Profit	10,174	11,511	3,461	13.14
Loss attributable to owners of the Company	(48,247)	(22,320)	(6,179)	(53.74)

As illustrated in the above table, the Group's revenue for FY2022/23 decreased by approximately 37.03% as compared to that for FY2021/22. With reference to the 2022/23 Annual Report, such decrease was mainly due to (i) decrease in revenue from Plastic Injection and Moulding segment due to the decrease in sales orders in the PRC; and (ii) decrease in the revenue from Assembling of Electronic Products due to drop in amount of orders in Europe and USA placed by a customer that diversified its supply chain and reduce its supply from the PRC.

Despite the aforesaid decrease in the Group's revenue, the Group's gross profit for FY2022/23 increased by approximately 13.14% as compared to that for FY2021/22. With reference to the 2022/23 Annual Report, increase in the Group's gross profit, together with significant decrease in net other losses, distribution costs, general and administrative expenses, led to substantial decrease in loss attributable to owners of the Company for FY2022/23 as compared to that for FY2021/22.

With reference to the 2024 Interim Report, the Group will continue to streamline its operation and formulate a stronger financial position with a light asset operation and lower geared structure and higher liquidity. By way of adopting a light assets and cost model, the Group should be able to improve its operational flexibility, reduce its debts and minimise the adverse impact on the business operation.

Information on B&E

With reference to the Board Letter, B&E is an investment holding company incorporated under the laws of the British Virgin Islands, the entire issued share capital of which is owned by Mr. Beh Kim Siea, (i) a brother of Mr. Beh Kim Ling who is the chairman of the Board and an executive Director; (ii) an uncle of Mr. Beh Chern Wei, an executive Director; and (iii) an uncle of Ms. Beh Hwee Sze, the alternate Director to Mr. Zhang Pei Yu, an executive Director.

Information of the Target Group

With reference to the Board Letter:

(a) As at the Latest Practicable Date, the Company indirectly owned approximately 18.74% of the issued share capital of the Target Company through V.S. Holding, while B&E, Mr. Beh Kim Siea and employees of the Target Company owned approximately 70.90%, 0.35% and 1.68% of the issued share capital of the Target Company respectively. The remaining issued share capital of the Target Company was owned by (i) Toyota Tsusho (H.K.) Corporation Limited, a company incorporated in Hong Kong with limited liability and an independent third party of the Company; (ii) VNT Co., Ltd., a company incorporated in Vietnam with limited liability and an independent third party of the Company; and (iii) the Target Company itself.

(b) The Target Company has the same principal business as the Group (i.e. Plastic Injection and Moulding, Assembling of Electronic Products and Mould Design and Fabrication). It holds the title of a piece of land in Vietnam with a site area of over 26,000 square metres with an industrial development, which is used as its current operating production facility (i.e. the Production Facility).

(c) The Target Company has one wholly-owned subsidiary, namely VS Technology Company Limited, which is a limited company incorporated in Vietnam and is principally engaged in designing, manufacturing and trading plastic moulds, and providing mould maintenance and repair services.

(d) The Target Group's major customers include international brands located in Europe and the USA.

Further details of the Target Group are set out in the section headed "VII. INFORMATION ON THE TARGET GROUP" of the Board Letter.

Set out below is the consolidated financial information of the Target Group for the three years ended 31 July 2023 and the four months ended 30 November 2023 (with comparative figures for the corresponding period of prior year), as extracted from the accountants' report on the Target Group as set out in Appendix II to the Circular:

	For the year ended 31 July 2021 ("FY2020/21") *(audited)* *US$*	For the year ended 31 July 2022 *(audited)* *US$*	Year-on-year changes *%*	For the year ended 31 July 2023 *(audited)* *US$*	Year-on-year changes *%*
Revenue	61,238,706	80,169,534	30.91	59,264,810	(26.08)
– Plastic Injection and Moulding	*35,875,377*	*36,617,461*	*2.07*	*25,401,354*	*(30.63)*
– Assembling of Electronic Products	*23,386,020*	*40,103,166*	*71.48*	*31,416,691*	*(21.66)*
– Mould Design and Fabrication	*1,977,309*	*3,448,907*	*74.42*	*2,446,765*	*(29.06)*
Gross profit	3,843,753	6,990,774	81.87	7,233,365	3.47
Profit for the year	2,644	2,567,404	97,003.03	3,052,630	18.90

	For the four months ended 30 November 2022 ("4M Period 2022") *(unaudited)* *US$*	For the four months ended 30 November 2023 ("4M Period 2023") *(audited)* *US$*	Year-on-year changes *%*
Revenue	23,116,619	16,001,536	(30.78)
– Plastic Injection and Moulding	*9,884,902*	*6,230,111*	*(36.97)*
– Assembling of Electronic Products	*12,084,622*	*9,279,968*	*(23.21)*
– Mould Design and Fabrication	*1,147,095*	*491,457*	*(57.16)*
Gross profit	2,523,758	2,827,868	12.05
Profit for the period	1,187,430	1,539,714	29.67

As illustrated above, the Target Group's revenue, gross profit and profit for FY2021/22 increased by approximately 30.91%, approximately 81.87% and over 970 times respectively as compared to those for FY2020/21. As advised by the Directors, the aforesaid increases were mainly due to overall business growth of the Target Group.

As illustrated above, the Target Group's revenue for FY2022/23 decreased by approximately 26.08% as compared to that for FY2021/22. With reference to the section headed "Management discussion and analysis of the Target Group" as contained in Appendix III to the Circular and as advised by the Directors, such decrease was mainly caused by (i) decrease in revenue derived from Plastic Injection and Moulding which was mainly due to the Target Group's business strategy to improve product mix by gradually phasing out products with low profit margin and decrease in sales orders placed by a customer which stocked up inventories in 2022 as a precautionary measure to avoid disruption caused by COVID-19 pandemic; and (ii) decrease in revenue derived from Assembling of Electronic Products which was mainly due to reduction in additional transportation fee charged to a customer due to ease of COVID-19 pandemic. Despite the decrease in revenue, the Target Group's (i) gross profit for FY2022/23 increased by approximately 3.47% as compared to that for FY2021/22 mainly due to the aforesaid business strategy to improve product mix by gradually phasing out products with low profit margin and enhanced production efficiency; and (ii) profit for FY2022/23 increased by approximately 18.90% as compared to that for FY2021/22 mainly due to increase in gross profit and substantial reduction in selling expenses.

As illustrated above, the Target Group's revenue for 4M Period 2023 decreased by approximately 30.78% as compared to that for 4M Period 2022. With reference to the section headed "Management discussion and analysis of the Target Group" as contained in Appendix III to the Circular and as advised by the Directors, such decrease was caused by (i) decrease in revenue derived from Plastic Injection and Moulding which was mainly due to the Target Group's business strategy to improve product mix by phasing out products with low profit margin; and (ii) decrease in revenue derived from Assembling of Electronic Products which was mainly due to nil additional transportation fee charged to a customer in FY2022/23 due to ease of COVID-19 pandemic and change of delivery terms from "delivery at place" to "free on board" with such customer during 4M Period 2023. Despite the decrease in revenue, the Target Group's (i) gross profit for 4M Period 2023 increased by approximately 12.05% as compared to that for 4M Period 2022 mainly due to the aforesaid business strategy to improve product mix by phasing out products with low profit margin, and enhanced production efficiency; and (ii) profit for 4M Period 2023 increased by approximately 29.67% as compared to that for 4M Period 2022 mainly due to increase in gross profit.

Reasons for and benefits of the Acquisition

Detailed reasons for and benefits of the Acquisition were set out under the section headed "VIII. REASONS FOR AND BENEFITS OF THE ACQUISITION" of the Board Letter. With reference to the Board Letter:

(i) The Group and the Target Group have the same business model and business segments (i.e. Plastic Injection and Moulding, Assembling of Electronic Products and Mould Design and Fabrication) and they possess the same production technology and technical know-how.

(ii) It is expected that the Acquisition could expand the Group's customer base and product offering as an enlarged group, i.e. with the existing Group and the Target Group after the Acquisition. It could also expand the business reach of the Group to tap into the Vietnam manufacturing market to enjoy the lower labour costs and the favourable development opportunities available to the Target Group and other manufacturers operating in Vietnam, and to diversify the Group's business market.

(iii) The Group's major customers are based in the PRC with their targeted market focusing in the PRC. On the other hand, the major customers of the Target Group are more international with more global targeted markets including Asia, Europe and USA.

(iv) After the Acquisition, it is expected that the Enlarged Group will have a broader customer base, with both PRC domestic as well as international customers. On the other hand, the Enlarged Group would also have a broader product offering, and the Enlarged Group could utilise its broadened product offering to serve more customers or potential customers with different product requirements.

(v) It is expected that the Acquisition would expand the Group's business and enrich the Group's income stream, which will be beneficial to the Group and the Shareholders.

Industry overview

We noted from the website of General Department of Customs of Vietnam the export value of plastic products of Vietnam from 2019 to 2023 as set out below:

	2019	**2020**	**2021**	**2022**	**2023**
Export value of plastic products (US$)	3,436,062,320	3,654,093,523	4,930,159,729	5,493,277,235	5,181,879,174
Changes (%)		*6.35*	*34.92*	*11.42*	*(5.67)*

As shown in the above table, the export value of plastic products of Vietnam continuously increased from 2019 to 2022 and decreased in 2023. The export value of plastic products of Vietnam of approximately US$5.2 billion for 2023 represented a compound annual growth rate of approximately 10.82% as compared to that of approximately US$3.4 billion for 2019.

Financial performance of the Group and the Target Group

As illustrated under the section headed "Information on the Group" above, the Group made loss for FY2021/22, FY2022/23 and the six months ended 31 January 2024. As illustrated under the section headed "Information on the Target Group" above, the Target Group's gross profit and profit increased from FY2020/21 to FY2022/23 and from 4M Period 2022 to 4M Period 2023. With reference to the "Management discussion and analysis of the Target Group" as contained in Appendix III to the Circular, it is expected that there will be more favourable government policies to promote the economic growth in Vietnam in the future to achieve the government's goal of becoming a high-income economy. Moreover, with Vietnam becoming a major beneficiary of manufacturers' efforts to "de-risk" their exposure as to geopolitical tensions and enjoying foreign trade opportunities and lower labour costs, it is expected that the business and financial performance of the Target Group will further improve.

The positive development and improved financial performance of the Target Group is expected to enhance the financial performance of the Enlarged Group upon Completion.

Having considered:

(i) that the Enlarged Group is expected to have a broader customer base, with both PRC domestic as well as international customers. On the other hand, the Enlarged Group would also have a broader product offering, and the Enlarged Group could utilise its broadened product offering to serve more customers or potential customers with different product requirements;

(ii) the export value of plastic products of Vietnam of approximately US$5.2 billion for 2023 represented a compound annual growth rate of approximately 10.82% as compared to that of approximately US$3.4 billion for 2019; and

(iii) the positive development and improved financial performance of the Target Group is expected to enhance the financial performance of the Enlarged Group upon Completion,

we are of the view that although the Acquisition is not conducted in the ordinary and usual course of business of the Company, it is in the interests of the Company and its Shareholders as a whole.

Principal terms of the Acquisition

Summarised below are the principal terms of the Acquisition under the Sale and Purchase Agreement, details of which are set out in the Board Letter.

Date

21 February 2024

Parties

(i) V.S. Holding, as the purchaser; and

(ii) B&E, as the vendor.

Assets to be acquired

V.S. Holding conditionally agreed to acquire and B&E conditionally agreed to sell the Sale Shares, being approximately 43.29% of the issued share capital of the Target Company.

Consideration

The Consideration payable by V.S. Holding for the Sale Shares is HK$69 million. The Consideration shall be satisfied by (i) payment in cash of HK$12 million; and (ii) the allotment and issue of Consideration Shares at the Issue Price of HK$0.28 per Consideration Share on the Completion Date.

The allotment and issue of Consideration Shares to satisfy part of the Consideration could avoid certain amount of the Group's cash outflow.

Basis of the Consideration

The Consideration was arrived at based on normal commercial terms after arm's length negotiation among the parties to the Sale and Purchase Agreement, after taking into account, among others, the preliminary valuation of 43.29% equity value of the Target Group of HK$69.00 million based on market-based approach as at 30 November 2023 prepared by the Valuer, together with, (i) the well-established business, solid customer base and production capabilities of the Target Group; (ii) the financial performance and prospects of the businesses operated by the Target Group; and (iii) the reasons and benefits of the Acquisition as stated under the section headed "VIII. REASONS FOR AND BENEFITS OF THE ACQUISITION" of the Board Letter.

The Valuation Report

According to the Valuation Report, the appraised value of 43.29% equity interest of the Target Company as of 30 November 2023 (i.e. the Valuation Date) was HK$77 million (the "**Valuation**"). The Consideration represents a discount of approximately 10.39% to the Valuation. The Valuation Report prepared by the Valuer is set out in Appendix VI to the Circular.

For our due diligence purpose, we reviewed and enquired into (i) the terms of engagement of the Valuer with the Company; (ii) the Valuer's qualification in relation to the preparation of the Valuation Report; and (iii) the steps and due diligence measures taken by the Valuer for conducting the Valuation. From the mandate letter and other relevant information provided by the Valuer and based on our interview with them, we were satisfied with the terms of engagement of the Valuer as well as their qualification for preparation of the Valuation Report. The Valuer also confirmed that they are independent to the Group, the parties to the Acquisition and the Target Group.

With reference to the Valuation Report:

(i) There are generally three accepted approaches to obtain the market value of the Target Group, namely the market-based approach, income-based approach and asset-based approach.

(ii) The income-based approach was not adopted because there is no financial forecast for more than one year with concrete business plan could be obtained from the Target Group's management for valuation purpose. The asset-based approach was also not adopted as it could not capture future earning potential of the Target Group's major operating business and therefore it could not reflect the market value of the Target Group's major operating business. The Valuer therefore considered the adoption of the market-based approach in arriving at the market value of the Target Group.

(iii) By adopting the market-based approach, the Valuer had to determine the appropriate valuation multiples of comparable companies, in which the Valuer had considered price-to-sales, price-to earnings ("**P/E**") and price-to-book multiples. The price-to-book multiples cannot reflect the future earnings and growth potentials of the Target Group and hence they were not adopted. The price-to-sales multiples were not adopted because they could not fully capture the cost structure of the Target Group. Therefore, the Valuer adopted the P/E multiple as the Valuer considered it as the most appropriate multiple in calculating the market value of the Target Group.

We further reviewed and enquired into the Valuer on the methodologies adopted and the basis and assumptions adopted in the Valuation Report in order for us to understand the Valuation Report.

Under the Valuation Report, the Valuer adopted several listed companies with similar business nature and operations similar to those of the Target Group as comparable companies. The comparable companies were selected mainly with reference to the following selection criteria: (i) the companies have more than 50% revenues attributable to the manufacturing of the plastic moulded products; (ii) the companies have positive profit margin ratios from the latest financial year ended nearest or as at the Valuation Date; (iii) the companies with P/E ratios fall outside one standard deviation of the mean would be considered as the outliers and excluded; (iv) the companies have sufficient listing and operating histories more than 3 years; and (v) the financial information of the companies is available to the public.

With reference to the Valuation Report, the Valuer obtained the estimated market value of the Target Group as at 30 November 2023 by applying the P/E multiple adopted to the net profit of the Target Group for the trailing 12-month period ended 30 November 2023. The market value of the Target Group in minority basis was then arrived by adjusting with the non-operating assets, the non-operating liabilities and the marketability discount.

With reference to the Valuation Report and as advised by the Valuer, a marketability discount of 15.70% was adopted in arriving at the market value of the Target Group as at the Valuation Date based on the 2023 edition of the Stout Restricted Stock Study Companion Guide published by Stout Risius Ross, LLC, a global investment bank and advisory firm specializing in corporate finance, transaction advisory, valuation, financial disputes, claims, and investigations, which serves a range of clients, from public corporations to privately held companies in numerous industries, according to its website (www.stout.com).

During our discussion with the Valuer, we did not identify any major factor which caused us to doubt the fairness and reasonableness of the methodology, principal bases, assumptions and parameters adopted for the Valuation Report. Given (i) the limitations of income-based approach and asset-based approach, being two other commonly adopted valuation approaches; and (ii) that the P/E multiple (under the market-based approach) is an appropriate multiple for the Valuation, as mentioned above, we did not adopt other valuation approaches to assess the Valuation.

Having considered our independent work performed on the Valuation Report and that the Consideration represents a discount of approximately 10.39% to the Valuation, we are of the view that the Consideration is fair and reasonable.

The Consideration Shares and Issue Price

The Consideration Shares represent (i) approximately 8.82% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 8.11% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there will be no change in the issued share capital of the Company other than the allotment and issue of Consideration Shares).

The Issue Price of HK$0.28 per Consideration Share represents:

(i) a premium of approximately 191.67% over the closing price of HK$0.096 per Share as quoted on the Stock Exchange on 21 February 2024, being the Agreement Date (the "**LTD Premium**");

(ii) a premium of approximately 196.61% over the average of the closing price of HK$0.0944 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to 21 February 2024, being the Agreement Date (the "**5-days Premium**");

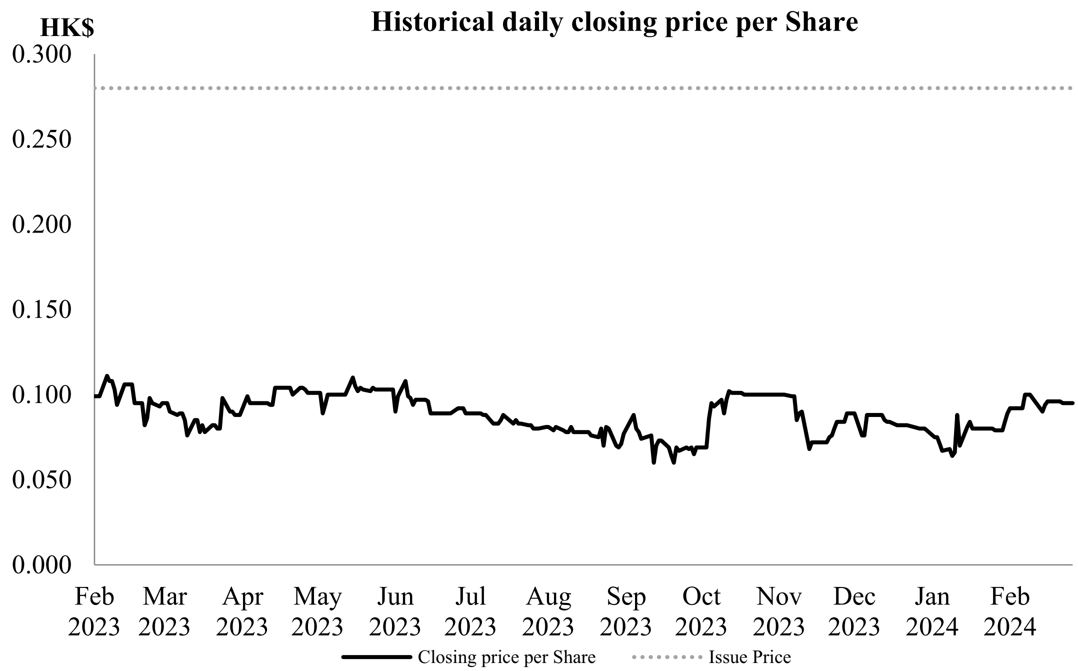
(iii) a premium of approximately 211.11% over the closing price of HK$0.090 per Share as quoted on the Stock Exchange on 21 May 2024, being the Latest Practicable Date; and

(iv) a premium of approximately 115.38% over the unaudited total equity attributable to owners of the Company of approximately RMB0.12 per Share (equivalent to approximately HK$0.13 per Share) as at 31 January 2024, based on 2,307,513,363 Shares in issue as at the Latest Practicable Date and unaudited total equity attributable to owners of the Company of approximately RMB273.12 million as at 31 January 2024.

In order to assess the fairness and reasonableness of the Issue Price, we performed the following assessments.

Share price performance

In order to assess the fairness and reasonableness of the Issue Price, we reviewed the daily closing prices of the Shares as quoted on the Stock Exchange from 1 February 2023 up to and including the Agreement Date (the "**Review Period**"), being a period of approximately one year up to and including the Agreement Date (we considered that the review period of approximately one year is a commonly adopted period for share price review and sufficient for our analysis). The daily closing prices of the Shares during the Review Period are illustrated as follows:



Source: The Stock Exchange's website

During the Review Period, the lowest and highest closing prices of the Shares as quoted on the Stock Exchange were HK$0.060 recorded on 12 September 2023 and 20 September 2023 and HK$0.111 recorded on 6 February 2023. As illustrated in the above diagram, the closing prices did not form a particular trend and fluctuated between HK$0.060 and HK$0.111 during the Review Period. The Issue Price of HK$0.28 is well above the range of the lowest and highest closing prices of Shares during the Review Period.

Comparable transactions

As part of our analysis, we further identified acquisition transactions with the following selection criteria: (i) involving issue of new shares for settlement of acquisition consideration (consideration issue); (ii) regardless of whether the counterparty was connected person or independent third party; (iii) regardless of whether the new shares were allotted and issued under general mandate or specific mandate; and (iv) such transactions were entered into, and announced by companies listed on the Stock Exchange during the period from 1 December 2023 up to the Agreement Date (being an approximate three-month period up to and including the Agreement Date) (the "**Selection Period**") (the "**Comparables**"). The above selection criteria were set based on the nature of the Acquisition (i.e. acquire equity interest in a target company and involve issuance of new shares for settlement of acquisition consideration). We considered the above selection criteria to be fair and reasonableness. To the best of our knowledge and as far as we are aware of, we found 9 transactions which met the said criteria and they are exhaustive as far as we are aware of. We considered that the Selection Period allows us to identify sufficient Comparables during a recent period prior to and including the Agreement Date.

Shareholder should note that the businesses, operations and prospects of the Company are not the same as the subject companies of the Comparables and we have not conducted any independent verification with regard to the businesses and operations of such companies.

Company name (stock code)	Date of announcement	Premium/(discount) of the issue price over/to the closing price per share on the last trading day prior to/on the date of agreement	Premium/(discount) of the issue price over/to the closing price per share for the five trading days prior to date of agreement	Acquisition type	Issue price
China HK Power Smart Energy Group Limited (931)	21 December 2023	(1.15)	(1.15)	Acquire equity interest of target company	HK$0.43
Zhongshi Minan Holdings Limited (8283)	27 December 2023	(18.57)	(16.42)	Acquire equity interest of target company	HK$0.057
C-Link Squared Limited (1463)	28 December 2023	Nil	Nil	Acquire equity interest of target company	HK$1.00
Huili Resources (Group) Limited (1303)	29 December 2023	37.93	31.15	Acquire equity interest of target company	HK$0.40
China Oral Industry Group Holdings Limited (8406)	4 January 2024	9.09	11.52	Acquire equity interest of target company	HK$0.12
International Genius Company (33)	23 January 2024	5.32	(2.90)	Acquire equity interest of target company	HK$5.624
Hao Bai International (Cayman) Limited (8431)	26 January 2024	(18.20)	(18.28)	Acquire equity interest of target company	HK$0.1636
Meitu, Inc. (1357)	2 February 2024	14.57	6.31	Acquire equity interest of target company	US$0.3356
China Youran Dairy Group Limited (9858)	19 February 2024	32.23	33.11	Acquire equity interest of target company	RMB1.45
Maximum		37.93	33.11		
Minimum		(18.57)	(18.28)		
Average		6.80	4.82		
The Acquisition		191.67	196.61		

Source: The Stock Exchange's website

We noted from the above table that (i) the issue prices of the Comparables ranged from a discount of approximately 18.57% to a premium of approximately 37.93% with average premium of approximately 6.80% over the respective closing prices of the shares on the last trading day prior to/on the date of agreement (the "**LTD Discount/Premium Market Range**"); and (ii) the issue prices of the Comparables ranged from a discount of approximately 18.28% to a premium of approximately 33.11% with average premium of approximately 4.82% over the respective closing prices of the shares for the five trading days prior to date of agreement (the "**5-Days Discount/Premium Market Range**"). The LTD Premium of approximately 191.67% is well above the LTD Discount/Premium Market Range and the 5-days Premium of approximately 196.61% is well above the 5-Days Discount/Premium Market Range, which indicate a more favourable Issue Price of the Consideration Shares as higher issue price leads to less new shares to be issued (and less dilution effect on shareholding interest of existing public shareholders).

Having also considered that the Issue Price of HK$0.28 is well above the range of the lowest and highest closing prices of Shares during the Review Period, we consider the Issue Price of HK$0.28 to be fair and reasonable.

The Call Option

Pursuant to the Sale and Purchase Agreement, subject to Completion, V.S. Holding has full discretion to purchase all of the then remaining issued shares of the Target Company beneficially and wholly owned by B&E (i.e. 11,710,031 shares, representing approximately 27.61% of the issued share capital of the Target Company as at the Latest Practicable Date) (i.e. the Call Option). The parties shall enter into the Call Option Agreement which sets out, among others, the terms and conditions of the Call Option, at Completion. No premium is required for the grant of the Call Option.

Exercise period

The Call Option may be exercised by V.S. Holding within the following option periods:

(i) if the Target Group achieves the PAT Target during any financial year on or before 31 July 2026, the Call Option is exercisable by V.S. Holding at any time within 12 months from the Target Group achieving the PAT Target (i.e. the Option Period A); or

(ii) if the Target Group fails to achieve the PAT Target during any financial year on or before 31 July 2026, the Call Option is exercisable by V.S. Holding at any time from 1 August 2027 until 31 July 2028 (i.e. Option Period B).

If the Call Option is not exercised within the above option periods, the Call Option shall lapse on the expiry of the Option Period A or the Option Period B (as the case may be) and all rights and obligations of the parties under the Call Option Agreement (other than confidentiality obligations which shall remain in full force and effect) shall cease and terminate, and no party to the Call Option Agreement shall have any claim against or liability to the other party with respect to any matter referred to the Call Option Agreement save for any antecedent breaches of the Call Option Agreement.

Exercise price

The exercise price of the Call Option will be based on the market value of the Target Group to be determined by an independent valuer agreeable to both parties. V.S. Holding shall serve an exercise notice to B&E exercising the Call Option within the Option Period A or the Option Period B (as the case may be). The exercise price of the Call Option shall be fixed at least 10 Business Days before the service of the exercise notice by V.S. Holding.

As V.S. Holding has full discretion to exercise the Call Option, we consider that the Call Option provides flexibility for the Group to further acquire equity interest of the Target Company when the Company considers appropriate.

Taking into account the principal terms of the Acquisition as set out above, we consider that the terms of the Acquisition are fair and reasonable.

Financial effects in relation to the Acquisition

With reference to the Board Letter, upon Completion, the Company will indirectly own approximately 62.03% of the issued share capital of the Target Company through V.S. Holding. The Target Company will become a non-wholly owned subsidiary of the Company and the financial results of which will be consolidated into the financial statements of the Company.

With reference to the 2024 Interim Report, the Group's total assets was approximately RMB310.49 million and total liabilities was approximately RMB37.36 million as at 31 January 2024. With reference to the 2022/23 Annual Report, the Group's loss for the year attributable to owners of the Company for FY2022/23 was approximately RMB22.32 million.

With reference to the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to the Circular:

(i) The unaudited consolidated total assets and total liabilities of the Enlarged Group would be approximately RMB669.41 million and RMB267.04 million respectively as if the Acquisition had taken place on 31 January 2024.

(ii) The unaudited profit attributable to owners of the Company would be approximately RMB35.33 million as if the Acquisition had taken place on 1 August 2022.

It should be noted that the aforementioned analysis is for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon Completion.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Acquisition are on normal commercial terms and are fair and reasonable; and (ii) although the Acquisition is not conducted in the ordinary and usual course of the business of the Company, it is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Acquisition and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

1. FINANCIAL SUMMARY

Financial information of the Group for each of the three years ended 31 July 2023 and the six months ended 31 January 2024 is disclosed in the following annual reports of the Company which have been published on both the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.vs-ig.com). Quick links to such financial information are set out below:

- annual report of the Company for the year ended 31 July 2021 (pages 68 to 138)
  https://www1.hkexnews.hk/listedco/listconews/sehk/2021/1112/2021111200739.pdf
- annual report of the Company for the year ended 31 July 2022 (pages 68 to 138)
  https://www1.hkexnews.hk/listedco/listconews/sehk/2022/1114/2022111400719.pdf
- annual report of the Company for the year ended 31 July 2023 (pages 65 to 132)
  https://www1.hkexnews.hk/listedco/listconews/sehk/2023/1110/2023111000498.pdf
- interim report of the Company for the six months ended 31 January 2024 (pages 5 to 33)
  https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0424/2024042401522.pdf

2. STATEMENT OF INDEBTEDNESS

Indebtedness

As at close of business on 31 March 2024, being the most recent practicable date for the purpose of this indebtedness statement, the Enlarged Group had the following indebtedness:

	As at 31 March 2024		
	RMB'000	*RMB'000*	*RMB'000*
	The Group	**The Target Group**	**Enlarged Group**
Current			
Borrowings from bank – secured and guaranteed *(note (i))*	–	76,107	76,107
Borrowings from banks – secured *(note (ii))*	–	25,703	25,703
Borrowings from a director *(note (iii))*	24,219	–	24,219
Amount due to related parties *(note (v))*	92	–	92
Lease liabilities	–	4,412	4,412
Non-current			
Borrowings from bank – secured and guaranteed *(note (i))*	–	6,614	6,614
Borrowings from a director *(note (iv))*	–	20,341	20,341
Lease liabilities	–	11,327	11,327
	24,311	144,504	168,815

Note (i) The borrowings from bank were secured by certain property, plant and equipment, right-of-use assets, inventories, trade receivables, deposits and cash and cash equivalent. In addition, the borrowings were also guaranteed by Mr. Beh Kim Ling, an executive Director and the Chairman of the Board.

Note (ii) The borrowings from banks were secured by certain property, plant and equipment, right-of-use assets, trade receivables, deposits and cash and cash equivalent.

Note (iii) The borrowings from a director were unsecured, interest-bearing at the rate of 4.57% and due for repayment in June 2024.

Note (iv) The borrowings from a director were unsecured, interest-bearing at the rate of 5% and due for repayment from 31 January 2026 to 31 December 2026.

Note (v) The amounts due to related parties were non-trade in nature, interest-free and unsecured.

Contingent liabilities

As at close of business on 31 March 2024, the Enlarged Group did not have any material contingent liabilities.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at close of business on 31 March 2024, the Enlarged Group did not have any other debt securities issued and outstanding, and authorised or otherwise created but unissued, or term loans or other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances or acceptances credits or hire purchase commitments, or outstanding mortgages and charges, or contingent liabilities or guarantees.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 July 2023 (being the date to which the latest published audited financial statements of the Group were made up) up to and including the Latest Practicable Date.

4. SUFFICIENCY OF WORKING CAPITAL

The Directors are satisfied, after due and careful enquiry and based on the information currently available to the Directors, that after taking into account the effects of the acquisition, the Enlarged Group business prospects and the financial resources available to the Enlarged Group, including cash generated from future operations, the existing cash and bank balances, the available existing borrowings from a director and the available banking facilities of the Enlarged Group, the Enlarged Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this circular.

5. FINANCIAL AND TRADING PROSPECT OF THE ENLARGED GROUP

The Group will continue to streamline its operation and formulate a stronger financial position with a light asset operation and lower geared structure and higher liquidity. By way of adopting a light assets and cost model, the Group should be able to improve its operational flexibility, reduce its debts and minimise the adverse impact on the business operation. The Group will secure new customers and will optimise the utilisation of the existing property, plant and equipment including leasing of the idle facilities.

In view of the potential future prospects offered by the Acquisition as set out in the section headed "Reasons for and benefits of the Acquisition" in the Letter from the Board in this circular, the Directors are optimistic regarding the potential benefits and business synergies that the Acquisition will bring to the Enlarged Group. It is expected that the income from the Target Group could enrich the Group's income stream and promote growth in its revenue and profits which will be beneficial to the Shareholders.

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION

The following is the text of a report set out on pages II-1 to II-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

pwc 羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF V.S. INTERNATIONAL GROUP LIMITED

Introduction

We report on the historical financial information of VS Industry Vietnam Joint Stock Company (the "**Target**") and its subsidiary (together, the "**Target Group**") set out on pages II-4 to II-83, which comprises the consolidated and company statements of financial position as at 31 July 2021, 2022 and 2023 and 30 November 2023, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 July 2021, 2022 and 2023 and the four months ended 30 November 2023 (the "**Track Record Period**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-4 to II-83 forms an integral part of this report, which has been prepared for inclusion in the circular of V.S. International Group Limited (the "**Company**") dated 24 May 2024 (the "**Circular**") in connection with the proposed acquisition of the Target by the Company.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The financial statements of the Target Group for the Track Record Period ("**Underlying Financial Statements**"), on which the Historical Financial Information is based, were prepared by the directors of the Target. The directors of the Target are responsible for the preparation and fair presentation of the Underlying Financial Statements that gives a true and fair view in accordance with IFRS Accounting Standards, and for such internal control as the directors determine is necessary to enable the preparation of Underlying Financial Statements that are free from material misstatement, whether due to fraud or error.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong SAR, China
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the HKICPA. This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Target as at 31 July 2021, 2022 and 2023 and 30 November 2023 and the consolidated financial position of the Target Group as at 31 July 2021, 2022 and 2023 and 30 November 2023 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Group which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the four months ended 30 November 2022 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the International Auditing and Assurance Standards Board ("**IAASB**"). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with

International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements have been made.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 24 May 2024

I HISTORICAL FINANCIAL INFORMATION OF THE TARGET

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The Underlying Financial Statements, on which the Historical Financial Information is based, were audited by Branch of PwC (Vietnam) Limited in Hanoi in accordance with International Standards on Auditing issued by the IAASB.

The Historical Financial Information is presented in United States Dollar ("**USD**") except when otherwise indicated.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31 July			For the four months ended 30 November	
		2021	**2022**	**2023**	**2022**	**2023**
	Note	*USD*	*USD*	*USD*	*USD*	*USD*
					(Unaudited)	
Revenue	*5*	61,238,706	80,169,534	59,264,810	23,116,619	16,001,536
Cost of sales		(57,394,953)	(73,178,760)	(52,031,445)	(20,592,861)	(13,173,668)
Gross profit		**3,843,753**	**6,990,774**	**7,233,365**	**2,523,758**	**2,827,868**
Other income	*6*	48,077	70,414	28,943	3,450	1,786
Other gains, net	*7*	78,263	332,689	130,552	298,782	257,797
Administrative expenses		(1,867,288)	(1,885,709)	(1,767,681)	(530,469)	(577,142)
Selling expenses		(1,231,237)	(1,077,744)	(402,077)	(291,185)	(343,883)
Operating profits		**871,568**	**4,430,424**	**5,223,102**	**2,004,336**	**2,166,426**
Finance income	*9*	21,050	56,347	92,869	32,156	13,392
Finance costs	*9*	(1,395,532)	(1,672,381)	(1,852,964)	(636,245)	(459,669)
Finance costs, net		**(1,374,482)**	**(1,616,034)**	**(1,760,095)**	**(604,089)**	**(446,277)**
(Loss)/profit before income tax		**(502,914)**	**2,814,390**	**3,463,007**	**1,400,247**	**1,720,149**
Income tax credit/(expense)	*10*	505,558	(246,986)	(410,377)	(212,817)	(180,435)
Profit for the year/period		**2,644**	**2,567,404**	**3,052,630**	**1,187,430**	**1,539,714**
Other comprehensive income for the year/period		–	–	–	–	–
Total comprehensive income for the year/period		**2,644**	**2,567,404**	**3,052,630**	**1,187,430**	**1,539,714**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 July			As at 30 November
		2021	**2022**	**2023**	**2023**
ASSETS	*Note*	*USD*	*USD*	*USD*	*USD*
Non-current assets					
Property, plant and equipment	*14(a)*	17,408,982	17,673,416	17,461,487	20,017,325
Intangible assets	*14(b)*	41,323	34,200	28,078	30,462
Right-of-use assets	*14(c)*	3,027,544	3,677,491	3,088,736	2,894,556
Prepayments, deposits and other receivables	*16*	780,601	1,345,675	1,268,302	527,390
Deferred tax assets	*17*	1,537,475	1,366,093	919,716	805,356
Total non-current assets		**22,795,925**	**24,096,875**	**22,766,319**	**24,275,089**
Current assets					
Inventories	*15*	17,154,051	16,353,491	8,326,669	9,985,183
Trade receivables	*16*	7,825,406	9,514,233	6,062,128	5,639,067
Prepayments, deposits and other receivables	*16*	1,192,902	1,335,188	918,717	804,866
Short-term bank deposits	*18*	3,255,981	4,279,747	2,713,196	2,993,481
Cash and cash equivalents	*18*	4,302,127	5,592,235	6,655,625	4,875,189
Total current assets		**33,730,467**	**37,074,894**	**24,676,335**	**24,297,786**
Total assets		**56,526,392**	**61,171,769**	**47,442,654**	**48,572,875**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		As at 31 July			As at 30 November
		2021	2022	2023	2023
EQUITY	*Note*	*USD*	*USD*	*USD*	*USD*
Capital and reserves					
Share capital	22	21,291,213	21,291,213	21,291,213	21,291,213
Reserves		(10,682,264)	(8,114,860)	(5,062,230)	(3,522,516)
Total equity		**10,608,949**	**13,176,353**	**16,228,983**	**17,768,697**
LIABILITIES					
Non-current liabilities					
Other payables and accruals	*19*	526,838	346,074	365,657	1,137,722
Amounts due to related parties	*24(b)*	–	–	258,570	172,648
Borrowings from banks	*20*	1,417,104	61,150	6,876	100,903
Borrowings from a director	*24(c)*	2,170,978	2,101,714	1,995,464	1,525,943
Lease liabilities	*21*	1,989,725	2,386,081	1,768,641	1,549,763
Total non-current liabilities		**6,104,645**	**4,895,019**	**4,395,208**	**4,486,979**
Current liabilities					
Trade payables, other payables and accruals	*19*	13,597,356	13,031,676	8,097,151	10,319,757
Contract liabilities	*19*	3,833,753	3,370,396	607,996	591,627
Amounts due to related parties	*24(b)*	724,808	797,408	257,959	273,954
Corporate income tax liabilities		–	41,414	5,414	71,489
Borrowings from banks	*20*	20,322,844	24,303,371	16,297,313	13,060,254
Borrowings from a director	*24(c)*	865,411	865,411	821,661	1,291,182
Lease liabilities	*21*	468,626	690,721	730,969	708,936
Total current liabilities		**39,812,798**	**43,100,397**	**26,818,463**	**26,317,199**
Total liabilities		**45,917,443**	**47,995,416**	**31,213,671**	**30,804,178**
Total equity and liabilities		**56,526,392**	**61,171,769**	**47,442,654**	**48,572,875**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 July 2021, 31 July 2022 and 31 July 2023

	Share capital *USD*	Share premium *USD*	Treasury share *USD*	Capital reserve *USD*	Accumulated losses *USD*	Total equity *USD*
As at 1 August 2020 (unaudited)	17,291,213	66,300	(237,388)	–	(11,772,257)	5,347,868
Issuance of new shares	4,000,000	–	–	–		4,000,000
Contribution from a shareholder *(Note)*	–	–	–	1,258,437	–	1,258,437
Profit for the year	–	–	–	–	2,644	2,644
As at 31 July 2021	21,291,213	66,300	(237,388)	1,258,437	(11,769,613)	10,608,949
As at 1 August 2021	21,291,213	66,300	(237,388)	1,258,437	(11,769,613)	10,608,949
Profit for the year	–	–	–	–	2,567,404	2,567,404
As at 31 July 2022	21,291,213	66,300	(237,388)	1,258,437	(9,202,209)	13,176,353
As at 1 August 2022	21,291,213	66,300	(237,388)	1,258,437	(9,202,209)	13,176,353
Profit for the year	–	–	–	–	3,052,630	3,052,630
As at 31 July 2023	21,291,213	66,300	(237,388)	1,258,437	(6,149,579)	16,228,983

Note: The Group disposed property, plant and equipment with net book value of USD141,563 to the ultimate holding company at a cash consideration of USD1,400,000. The difference is considered as contribution from shareholder and recorded as movement of capital reserve.

For the four months ended 30 November 2022 and 30 November 2023

	Share capital *USD*	Share premium *USD*	Treasury share *USD*	Capital reserve *USD*	Accumulated losses *USD*	Total equity *USD*
As at 1 August 2022	21,291,213	66,300	(237,388)	1,258,437	(9,202,209)	13,176,353
Profit for the period (unaudited)	–	–	–	–	1,187,430	1,187,430
As at 30 November 2022 (unaudited)	21,291,213	66,300	(237,388)	1,258,437	(8,014,779)	14,363,783
As at 1 August 2023	21,291,213	66,300	(237,388)	1,258,437	(6,149,579)	16,228,983
Profit for the period	–	–	–	–	1,539,714	1,539,714
As at 30 November 2023	21,291,213	66,300	(237,388)	1,258,437	(4,609,865)	17,768,697

CONSOLIDATED STATEMENT OF CASH FLOWS

		For the year ended 31 July			For the four months ended 30 November	
		2021	2022	2023	2022	2023
	Note	*USD*	*USD*	*USD*	*USD* (Unaudited)	*USD*
Cash flows from operating activities						
Cash generated from operations	*25(a)*	4,206,665	3,910,870	13,719,742	3,057,456	2,830,765
Income tax paid		(12,989)	(34,190)	–	–	–
Net cash generated from operating activities		**4,193,676**	**3,876,680**	**13,719,742**	**3,057,456**	**2,830,765**
Cash flow from investing activities						
Purchases of property, plant and equipment		(7,702,480)	(2,415,134)	(3,757,820)	(1,851,522)	(540,482)
Purchases of intangible assets		(20,632)	(11,042)	–	–	(4,253)
Proceeds from disposals of property, plant and equipment		13,848	202,088	–	–	55,239
Placements of short-term bank deposits		(2,411,507)	(1,000,952)	(1,400,000)	–	(300,000)
Receipt from maturity of short-term bank deposits		–	–	2,995,759	2,011,419	–
Interest received		13,925	48,311	86,445	9,685	12,210
Net cash (used in)/generated from investing activities		**(10,106,846)**	**(3,176,729)**	**(2,075,616)**	**169,582**	**(777,286)**
Cash flows from financing activities						
Proceeds from disposal of property, plant and equipment to ultimate holding company		1,400,000	–	–	–	–
Proceeds from borrowings from banks		56,809,243	70,091,494	43,580,805	16,954,151	12,217,664
Repayments of borrowings from banks		(48,514,785)	(67,450,603)	(51,579,692)	(17,605,351)	(15,358,630)
Repayments of lease principals		(449,710)	(427,978)	(568,146)	(176,510)	(198,561)
Repayments of borrowings from a director		–	–	(150,000)	–	–
Interest paid		(1,285,569)	(1,657,176)	(1,794,445)	(640,340)	(468,081)
Net cash generated from/(used in) financing activities		**7,959,179**	**555,737**	**(10,511,478)**	**(1,468,050)**	**(3,807,608)**
Net increase/(decrease) in cash and cash equivalents		**2,046,009**	**1,255,688**	**1,132,648**	**1,758,988**	**(1,754,129)**
Cash and cash equivalents at beginning of the year/period		**2,269,514**	**4,302,127**	**5,592,235**	**5,592,235**	**6,655,625**
Effects of exchange rate changes on cash and cash equivalents		(13,396)	34,420	(69,258)	59,418	(26,307)
Cash and cash equivalents at end of the year/period		**4,302,127**	**5,592,235**	**6,655,625**	**7,410,641**	**4,875,189**

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

Significant non-cash transactions during the years/periods include:

(i) Purchases of property, plant and equipment that not yet been settled as at 31 July 2021, 31 July 2022, 31 July 2023, 30 November 2022 and 30 November 2023 of USD1,106,198, USD1,990,805, USD376,264, USD1,504,043 and USD2,689,870 respectively.

(ii) In August 2020, the amount due to the ultimate holding company of USD4,000,000 for purchase of property, plant and equipment was converted to capital contribution of USD4,000,000 from the ultimate holding company and 9,320,000 new shares were issued to the ultimate holding company.

Statement of financial position of the Company

		As at 31 July			As at 30 November
		2021	**2022**	**2023**	**2023**
ASSETS	*Note*	*USD*	*USD*	*USD*	*USD*
Non-current assets					
Property, plant and equipment	*14(a)*	16,341,502	16,880,623	16,929,868	19,413,549
Intangible assets	*14(b)*	27,746	20,623	15,917	18,301
Right-of-use assets	*14(c)*	3,027,544	3,677,491	3,088,736	2,894,556
Investment in subsidiaries		1,100,000	1,100,000	1,100,000	1,100,000
Prepayments, deposits and other receivables	*16*	780,601	1,345,675	1,268,302	527,390
Deferred tax assets	*17*	1,537,475	1,366,093	919,716	805,356
Total non-current assets		**22,814,868**	**24,390,505**	**23,322,539**	**24,759,152**
Current assets					
Inventories	*15*	14,970,698	14,735,528	7,962,183	9,467,615
Trade receivables	*16*	7,825,406	9,514,233	6,062,128	5,639,067
Prepayments, deposits and other receivables	*16*	1,152,635	1,317,827	882,952	802,844
Amounts due from subsidiary companies		248,420	256,149	31,633	46,287
Short-term bank deposits	*18*	3,255,981	4,279,747	2,713,196	2,993,481
Cash and cash equivalents	*18*	4,126,200	5,356,342	6,466,380	4,763,546
Total current assets		**31,579,340**	**35,459,826**	**24,118,472**	**23,712,840**
Total assets		**54,394,208**	**59,850,331**	**47,441,011**	**48,471,992**

Statement of financial position of the Company (continued)

		As at 31 July			As at 30 November
		2021	2022	2023	2023
EQUITY	*Note*	*USD*	*USD*	*USD*	*USD*
Capital and reserves					
Share capital	22	21,291,213	21,291,213	21,291,213	21,291,213
Reserves		(10,912,607)	(8,635,490)	(5,407,990)	(3,825,098)
Total equity		**10,378,606**	**12,655,723**	**15,883,223**	**17,466,115**
LIABILITIES					
Non-current liabilities					
Other payables and accruals	19	526,838	346,074	365,657	1,137,722
Amounts due to related parties		–	–	258,570	172,648
Borrowings from banks	20	1,280,307	15,390	7,211	13,378
Borrowings from a director		2,170,978	2,101,714	1,995,464	1,525,943
Lease liabilities	21	1,989,725	2,386,081	1,768,641	1,549,763
Total non-current liabilities		**5,967,848**	**4,849,259**	**4,395,543**	**4,399,454**
Current liabilities					
Trade payables, other payables and accruals	19	12,326,256	12,313,554	7,938,560	10,164,367
Contract liabilities	19	3,833,753	3,370,396	607,996	591,627
Amounts due to related parties		850,997	1,404,806	982,400	941,323
Corporate income tax liabilities		–	–	–	66,075
Borrowings from banks	20	19,702,711	23,700,461	16,080,659	12,842,913
Borrowings from a director		865,411	865,411	821,661	1,291,182
Lease liabilities	21	468,626	690,721	730,969	708,936
Total current liabilities		**38,047,754**	**42,345,349**	**27,162,245**	**26,606,423**
Total liabilities		**44,015,602**	**47,194,608**	**31,557,788**	**31,005,877**
Total equity and liabilities		**54,394,208**	**59,850,331**	**47,441,011**	**48,471,992**

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

VS Industry Vietnam Joint Stock Company (the "**Company**") and its subsidiary (collectively, the "**Group**") are principally engaged in the manufacturing and sales of plastic moulded products and parts, assembling of electronic products, and mould design and fabrication. The Company was incorporated in Vietnam. The address of its registered office is Lot C1, Que Vo Industrial Zone, Van Duong Ward, Bac Ninh City, Bac Ninh Province, S.R. Vietnam.

The Company is ultimately owned by B&E Holding Limited, a company incorporated in the British Virgin Islands with limited liability.

These consolidated financial statements are presented in United States Dollar ("**USD**"), unless otherwise stated.

2 SUMMARY OF ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS. The consolidated financial statements have been prepared under the historical cost basis.

New standards, amendments to existing standards and interpretations not yet adopted

The following new standards and amendments to standards have not come into effect for the financial year beginning 1 August 2023, and have not been early adopted by the Group in preparing these consolidated financial statements. None of these new standards and amendments to standards is expected to have a material effect on the consolidated financial statements of the Group.

Standards	**Subject of amendment**	**Effective date**
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
IAS 1 (Amendments)	Non-current Liabilities with Covenants	1 January 2024
IFRS 16 (Amendments)	Lease Liabilities in a Sale and Leaseback	1 January 2024
IAS 7 and IFRS 7 (Amendments)	Supplier Finance Arrangements	1 January 2024
IAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
IFRS 10 and IAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

2.2. Summary of material accounting policies

The material accounting policy information adopted by the Target Group as set out below is consistent with the accounting policies of V.S. International Group Limited.

2.2.1 Principles of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between the Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Separate statement of financial position

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Historical Financial Information is presented in USD, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2.2.3 Fixed assets

Property, plant and equipment and intangible assets

Fixed assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation and amortization

Fixed assets are depreciated or amortised using the straight-line basis so as to write off the depreciable amount of the fixed assets over their estimated useful lives or over the term of the Investment Registration Certificate if shorter. Depreciable amount equals to the historical cost of fixed assets recorded in the consolidated financial statements less the estimated disposal value of such assets. The estimated useful lives of each asset class are as follows:

Buildings	10 to 40 years
Plant, moulds and machinery	2 to 12 years
Power generating machinery and equipment	8 to 12 years
Office equipment, furniture and fixtures	5 to 8 years
Motor vehicles	8 to 12 years
Software	5 to 8 years
Trademark	8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Construction-in-progress represents buildings, plant and machinery under construction or pending installation and is stated at cost. Cost includes the costs of construction of buildings, the costs of plant and machinery, installation, testing and other direct costs. No depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. When the relevant assets are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.2.4).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit or loss.

2.2.4 Impairment of non-financial assets

Assets that have an indefinite useful life, for example, goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.2.5 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

Except for trade receivables, at initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. However, if the fair value of the financial asset at initial recognition differs from the transaction price, an entity shall account for that instrument at the acquisition date as follows:

- if that fair value is evidenced by a quoted price in an active market for an identical asset or liability (ie a Level 1 input) or based on a valuation technique that uses only data from observable markets. The Group shall recognise the difference between the fair value at initial recognition and the transaction price as a gain or loss.

- in all other cases, the Group adjusts to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the entity shall recognise that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

After initial recognition, an entity shall measure a financial asset at amortised cost, fair value through other comprehensive income, or fair value through profit or loss.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of trade receivables, see Note 3.1(b) for further details.

Impairment on deposits and other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a deposit or other receivable has occurred since initial recognition, the impairment is measured as lifetime expected credit losses.

2.2.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty. There are no offsetting financial instruments as at 31 July 2021, 31 July 2022, 31 July 2023 and 30 November 2023.

2.2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

Provision is made, when necessary, for obsolete, slow-moving and defective inventory items. The difference between the provision of this period and the provision of the previous period is recognised as an increase or decrease in cost of goods sold in the period.

2.2.8 Trade receivables, other receivables, and prepayments

Receivables represent trade receivables from customers arising from sales of goods and rendering of services or non-trade receivables from others and are stated at cost. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 3.1 for a description of the Group's impairment policies. Bad debts are written off when identified as uncollectible.

Prepayments include short-term and long-term prepayments on the consolidated statement of financial position. Short-term prepayments reflect prepayments for raw materials and services for a period not exceeding 12 months or a business cycle from the date of prepayments. Long-term prepayments reflect prepayments for fixed assets.

2.2.9 Contract assets and contract liabilities

A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer. A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due. A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration.

2.2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks and other short-term investments with an original maturity of three months or less.

2.2.11 Capital and reserves

Owners' capital is recorded according to the actual amounts contributed at the par value of the shares. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share premium is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issuing price of treasury shares.

Treasury shares bought before the effective date of the Vietnam Securities Law (ie. 1 January 2021) are shares issued by the Company and bought back by itself, but these are not cancelled and may be re-issued subsequently in accordance with the Law on Securities. Treasury shares bought after 1 January 2021 will be cancelled and adjusted to reduce equity.

Capital reserve records contributions from owners are non-reciprocal in nature.

Retained earnings/(accumulated losses) record the Group's results (profit or loss) after corporate income tax at the reporting date.

2.2.12 Trade payables, other payables and accruals

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchases of goods and services; and
- Other payables are non-trade payables and payables not relating to purchases of goods and services.

Accrued expenses include liabilities for goods and services received in the year/period but not yet paid for, due to pending invoices or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting year/period.

Trade payables, other payables and accruals are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables, other payables and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.2.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.2.14 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.2.15 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in the other comprehensive income or directly in equity. In this case the tax is also recognised in the other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination, at the time of the transaction affects neither accounting nor taxable profit or loss and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.2.16 Employee benefit

(a) Defined contribution plans

The Group participates in various defined contribution retirement benefit plans which are available to all relevant employees. These plans are generally funded through payments to schemes established by the government. Defined contribution plans are post-employment benefit plans under which the entities in the Group are required to pay fixed contributions of the standard wages of employees into the Social Insurance Authority on a monthly basis. The Group has no further payment obligations once the contributions have been paid.

All contributions to pension plans are fully and immediately vested and the Group had no unvested benefits available to reduce its future contributions. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Bonus plan

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plans are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

(c) Provision for severance allowance

In accordance with Vietnamese Labour laws, employees of the Group who have worked regularly for full 12 months or longer, are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Group less the period during which the employee participates in the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Group. This allowance will be paid as a lump sum when the employees terminate their labour contracts in accordance with current regulations.

The liability recognised in the consolidated statement of financial position is the present value of the provision for severance allowance at the end of the reporting period on the basis that each employee is entitled to half of an average monthly salary for each working year. The average monthly salary used for calculating the severance allowance is the employee's average salary for the six-month period prior to the retirement date.

The present value of the provision for severance allowance is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the consolidated statements of profit or loss.

2.2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense within "finance costs" in profit or loss.

2.2.18 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option or the Group will obtain the ownership at the end of the lease term, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases is recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Land use rights are stated at cost less accumulated amortization and accumulated impairment losses, if any. Cost represents consideration paid for the rights to use the land on which various plants and buildings are situated for 46 years. Amortisation of land use rights is calculated on a straight-line basis over the period of leases.

2.2.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied or services rendered, stated net of trade discounts, prompt payment discounts, sales returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of discounts and return on historical results and sales budgets, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The Company does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by customer exceeds one year. Therefore, as a practical expedient, the Company does not adjust the transaction prices for the time value of money.

Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A sales rebate payables (included in other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

A contract liability is recognised for the advance payment from customers in relation to sale that has not been recognised in the current period.

(a) Sales of goods

Revenue from the sales of goods is recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Interest income

Interest income on financial assets at amortised cost is calculated using the effective interest method.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

2.2.20 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company, key management personnel, including directors of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

3 Financial risk management

3.1 Financial risk factors

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit or loss information has been included where relevant to add further context.

The Group's risk management is predominantly controlled by senior management of the Group. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk, and cash flow and fair value interest-rate risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign exchange risk

The Group mainly operates in Vietnam with major customers in the United States and major suppliers in Vietnam and most of the transactions are settled in United States dollars ("**USD**"). Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency. The Group is exposed to foreign exchange risk from various currency exposures, primarily with respect to Vietnamese Dong ("**VND**").

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in VND.

	As at 31 July			As at 30 November
	2021	2022	2023	2023
	USD	*USD*	*USD*	*USD*
Trade and other receivables	191,719	281,743	298,864	87,342
Cash and cash equivalents and short-term bank deposits	2,284,910	3,081,243	2,259,976	1,946,442
Trade and other payables	(2,972,929)	(2,409,358)	(1,709,905)	(2,103,170)
Borrowings from banks	(1,054,500)	(805,787)	(174,142)	(276,748)
Overall net exposure	(1,550,800)	147,841	674,793	(346,134)

At 31 July 2021, 31 July 2022, 31 July 2023 and 30 November 2023, if VND had weakened/ strengthened by 50 points against USD, with all other variables held constant, the profit before tax for the year/period would have been approximately USD77,540, USD(7,392), USD(33,740), USD17,307 higher/lower, mainly as a result of foreign exchange gains/losses on translation of financial assets and liabilities denominated in currencies other than the functional currency of the companies comprising the Group.

(b) *Credit risk*

Credit risk arises from cash at banks, trade receivables, deposits and other receivables.

Risk management

The carrying amounts of cash and cash equivalents, short-term bank deposits, trade receivables, deposits and other receivables included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets. As at 31 July 2021, 31 July 2022, 31 July 2023 and 30 November 2023, 43%, 23%, 23%, 34% and 85%, 80%, 78%, 86% of the trade receivables are due from the Group's largest customer and the five largest customers, respectively.

To manage its credit risk, the Group has policies in place to ensure that products are sold to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers. Normally the Group does not require collaterals from trade debtors.

Management makes periodic collective assessment as well as individual assessment on the recoverability of trade and other receivables based on historical payment records, the length of the overdue period, the financial strength of the trade and other debtors, and whether there are any disputes with the relevant debtors. The Group believes that adequate provision for doubtful debts has been made.

Cash and cash equivalents and short-term bank deposits are also subject to the impairment requirements under IFRS 9, yet the identified impairment loss is immaterial because the Group only transacts with state-owned or reputable financial institutions in Vietnam.

Trade receivables

Trade receivables of the Group are subject to the expected credit loss model. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the nature of customer accounts, shared credit risk characteristics and the days past due. The expected loss rates are based on the historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The loss allowance was not material as at 31 July 2021, 31 July 2022, 31 July 2023 and 30 November 2023.

As at 31 July 2021	**Current**	**Less than 1 year past due**	**Over 1 year past due**	**Total**
	USD	*USD*	*USD*	*USD*
Gross carrying amount – Trade receivables	7,793,901	31,505	34,043	7,859,449
Loss allowance	–	–	34,043	34,043

As at 31 July 2022	**Current**	**Less than 1 year past due**	**Over 1 year past due**	**Total**
	USD	*USD*	*USD*	*USD*
Gross carrying amount – Trade receivables	9,509,443	4,790	–	9,514,233
Loss allowance	–	–	–	–

Impairment of financial assets

Trade receivables

As at 31 July 2023	**Current**	**Less than 1 year past due**	**Over 1 year past due**	**Total**
	USD	*USD*	*USD*	*USD*
Gross carrying amount – Trade receivables	6,030,383	28,435	3,310	6,062,128
Loss allowance	–	–	–	–

As at 30 November 2023	Current	Less than 1 year past due	Over 1 year past due	Total
	USD	*USD*	*USD*	*USD*
Gross carrying amount – Trade receivables	5,639,067	–	–	5,639,067
Loss allowance	–	–	–	–

Movements in the loss allowances for trade receivables are as follows:

	For the year ended 31 July			For the four months ended 30 November	
	2021	**2022**	**2023**	**2022**	**2023**
	USD	*USD*	*USD*	*USD*	*USD*
				(Unaudited)	
Beginning of year/period	34,043	–	–	–	–
Receivables written off as uncollectible	(34,043)	–	–	–	–
End of year/period	–	–	–	–	–

Impairment losses on trade receivables are presented as net impairment losses within statement of profit and loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets at amortised costs

The credit quality of other financial assets at amortised cost has been assessed with reference to historical information about the counterparties default rates and financial position of the counterparties.

Other receivables

Other receivables include deposits and other receivables excluding prepayments. The Board of Management assessed that the risk of default by these counterparties is not significant and does not expect any losses from non-performance by the counterparties. Therefore, expected credit loss rate of other receivables is assessed to be close to zero and loss allowance was not material as at 31 July 2021, 31 July 2022, 31 July 2023 and 30 November 2023.

Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

Management makes periodic collective assessments as well as individual assessment on the recoverability of deposits and other receivables based on historical settlement records and past experience. A significant increase in credit risk is presumed if a debtor is more than 1 year past due in making a contractual payment/repayable demanded.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	**Group definition of category**	**Basis for recognition of expected credit loss provision**
Performing	Receivables whose credit risk is in line with original expectations	12 month expected losses; where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime (stage 1)
Underperforming	Receivables for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are one year past due	Lifetime expected losses (stage 2)
Non-performing (credit impaired)	Interest and/or principal repayments are 1 year past due	Lifetime expected losses (stage 3)
Write-off	Interest and/or principal repayments are 1 year past due or there is no reasonable expectation of recovery	Asset is written off

(c) Liquidity risk

Prudent liquidity management, after considering the expected market conditions, implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities, and funds generated from operating activities.

The Group's primary cash requirements have been for additions to and upgrades on property, plant and equipment, settlement of borrowings, payment for trade and other payables and payment for operating expenses. The Group mainly finances its working capital requirements through a combination of internal resources and borrowings, as necessary.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure it maintains sufficient cash and cash equivalents and adequate amount of committed credit facilities to meet its liquidity requirements in the short and long term.

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	As at 31 July			As at 30 November
	2021	**2022**	**2023**	**2023**
	USD	*USD*	*USD*	*USD*
Floating rate				
– Expiring within one year	168,884	24,516,373	8,369,936	11,532,423
– Expiring beyond one year	15,182,460	3,753,048	–	–
	15,351,344	28,269,421	8,369,936	11,532,423
Fixed rate				
– Expiring within one year	20,755	–	–	–
– Expiring beyond one year	9,212	19,322	–	–
	29,967	19,322	–	–

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, including interest payments computed using contractual rates, based on the earliest date on which the Group can be required to pay.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	USD	*USD*	*USD*	*USD*	*USD*
As at 31 July 2021					
Trade and other payables (excluding other tax payables, staff salaries and welfare)	12,618,810	–	–	–	12,618,810
Amounts due to related parties	724,808	–	–	–	724,808
Borrowings from banks (including interest payments)	19,092,604	2,891,507	228,652	–	22,212,763
Borrowings from a director (including interest payments)	967,108	1,461,953	823,733	–	3,252,794
Lease liabilities	557,892	564,905	1,511,129	731,285	3,365,211
As at 31 July 2022					
Trade and other payables (excluding other tax payables, staff salaries and welfare)	12,167,705	–	–	–	12,167,705
Amounts due to related parties	797,408	–	–	–	797,408
Borrowings from banks (including interest payments)	24,534,878	149,176	–	–	24,684,054
Borrowings from a director (including interest payments)	897,843	1,462,037	823,834	–	3,183,714
Lease liabilities	830,264	832,233	2,001,024	310,191	3,973,712

	Less than 1 year *USD*	Between 1 and 2 years *USD*	Between 2 and 5 years *USD*	Over 5 years *USD*	Total *USD*
As at 31 July 2023					
Trade and other payables (excluding other tax payables, staff salaries and welfare)	7,345,963	–	–	–	7,345,963
Amounts due to related parties	257,959	284,681	–	–	542,640
Borrowings from banks (including interest payments)	16,623,031	–	–	–	16,623,031
Borrowings from a director (including interest payments)	852,550	1,388,222	782,186	–	3,022,958
Lease liabilities	821,486	764,108	1,527,249	–	3,112,843
As at 30 November 2023					
Trade and other payables (excluding other tax payables, staff salaries and welfare)	9,480,612	818,523	–	–	10,299,135
Amounts due to related parties	273,954	187,071	–	–	461,025
Borrowings from banks (including interest payments)	13,355,315	–	–	150,769	13,506,084
Borrowings from a director (including interest payments)	1,328,953	1,388,158	258,767	–	2,975,878
Lease liabilities	790,004	723,400	1,274,180	–	2,787,584

(d) Cash flow and fair value interest-rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets except for cash and cash equivalents and bank deposits, details of which are disclosed in Note 18. The Group's exposure to changes in interest rates is mainly attributable to its borrowings, details of which are disclosed in Note 20. Borrowings carried at floating rates expose the Group to cash flow interest rate risk while those carried at fixed rates expose the Group to fair value interest-rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

As at 31 July 2021, 31 July 2022, 31 July 2023 and 30 November 2023, if the interest rates had increased/decreased by 50 points with all other variables being held constant, the Group's profit before tax for the years/period would have been lower/higher by USD50,848, USD60,120, USD66,614, USD22,923 respectively as a result of the higher or lower interest expense on these borrowings.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of issue new shares or obtain new bank borrowings.

The Group also monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as both current and non-current borrowings from banks, borrowings from a director, and lease liabilities less cash and cash equivalents and short-term bank deposits. Total capital is calculated as "equity", as shown in the consolidated statement of financial position, plus net debt.

The table below analyses the Group's capital structure as at 31 July 2021, 31 July 2022, 31 July 2023 and 30 November 2023:

	As at 31 July			As at 30 November
	2021	**2022**	**2023**	**2023**
	USD	*USD*	*USD*	*USD*
Borrowings from banks	21,739,948	24,364,521	16,304,189	13,161,157
Borrowings from a director	3,036,389	2,967,125	2,817,125	2,817,125
Lease liabilities	2,458,351	3,076,802	2,499,610	2,258,699
Less: cash and cash equivalents and short-term bank deposits	(7,558,108)	(9,871,982)	(9,368,821)	(7,868,670)
Net debts	19,676,580	20,536,466	12,252,103	10,368,311
Total equity	10,608,949	13,176,353	16,228,983	17,768,697
Total capital	30,285,529	33,712,819	28,481,086	28,137,008
Gearing ratio	65.0%	60.9%	43.0%	36.8%

3.3 Fair value estimation

Financial instruments are measured in the consolidated statement of financial position at fair value, this requires disclosure of fair value measurements by three level of the following fair value measurement hierarchy.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to estimate the fair value of an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The carrying amounts of the Group's other current financial assets and the Group's current financial liabilities approximate their fair values due to their short maturities. Non-current financial liabilities approximate their fair value as the interest rates approximately equal to market interest rates.

There was no transfer of financial assets and liabilities in the fair value hierarchy classifications for the years ended 31 July 2021, 31 July 2022, 31 July 2023 and for the four months ended 30 November 2023.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Historical Financial Information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Going concern

The Historical Financial Information has been prepared on the going concern basis which assumes that the Group will continue in operational existence for the foreseeable future.

As at 31 July 2021, 31 July 2022, 31 July 2023 and 30 November 2023, the Group had accumulated losses of USD11,769,613, USD9,202,209, USD6,149,579 and USD4,609,865 respectively. As at those dates, the Group's current liabilities exceeded its current assets by USD6,082,331, USD6,025,503, USD2,142,128 and USD2,019,413 respectively. The Board of Management has prudently assessed to develop the Group's business plan and cash flow plan for the near future and provided solutions to maintain traditional market and to find new market for the purpose of increasing revenue and efficient cost management. The Board of Management believes the Group's profitability from future business will generate sufficient working capital for the Group's operations and the Company's shareholders will continue to provide financial support to the Group.

Accordingly, the accompanying consolidated financial statements have been prepared on a going concern basis.

(b) Impairment of non-financial assets

Non-financial assets including property, plant and equipment, intangible assets and right-of-use assets comprise a significant portion of the Group's total assets. They are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on fair value less costs of disposal or value-in-use calculations as appropriate. To determine the recoverable amount based on fair value less costs of disposal, the Group obtained quoted market prices when available or used independent appraisals. To determine the recoverable amount based on value-in-use calculations, the Group used cash flow projection discounted at an appropriate pre-tax discount rate. The pre-tax discount rate reflects current market assessments of the time value of money and the risks specific to the asset, which requires significant judgement. The cash flow projection also requires the use of judgement and estimation regarding the financial forecasts prepared by the Board of Management with major assumptions. The Board of Management derives the required cash flow projection from historical results, internal business plans, the prevailing market conditions and the expected remaining useful lives of the relevant assets. Changes to major assumptions and estimation could affect the fair value less costs of disposal and value-in-use calculations and as a result affecting the Group's reported financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated statement of profit or loss.

(c) Useful lives of non-financial assets

Useful life is the period over which an asset is expected to be available for use. In assessing the useful lives of fixed assets and making appropriate depreciation, management considers their technical specifications, applicable local guidances, and past experiences for similar items.

(d) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. In assessing the net realisable value and making appropriate allowances, management considers their physical conditions, age, market conditions and market price for similar items. The Board of Management reassesses these estimates at the end of each reporting period.

Provision is made, where necessary, for obsolete, slow-moving and defective inventory items. The difference between the provision of this period and the provision of the previous period is recognised as an increase or a decrease of cost of goods sold in the period.

(e) Corporate income tax

The corporate income tax charge for the year/period is based on estimated taxable income and is subject to review and possible adjustment by the tax authorities. Consequently, actual corporate income tax charges as a result of tax inspections might be different from the estimated amounts.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences and unused tax losses can be utilised. The financial forecasts prepared by management requires the use of judgement and estimation with major assumptions. The Board of Management derives the financial forecasts from historical results, internal business plans, the prevailing market conditions.

(f) Provision for severance allowance

The provision for severance allowance involves making various assumptions that may differ from actual developments in the future. These include the determination of future salary increases, expected working time, mortality rates, disability rates and the discount rate. Due to the complexities involved in the provision and its long-term nature, the provision is highly sensitive to changes in these assumptions. Key assumptions are reviewed at each reporting date.

5 REVENUE

(a) Disaggregation of revenue

	For the year ended 31 July			For the four months ended 30 November	
	2021	**2022**	**2023**	**2022**	**2023**
	USD	*USD*	*USD*	*USD*	*USD*
				(Unaudited)	
Recognised at a point in time:					
Plastic injection and moulding	35,875,377	36,617,461	25,401,354	9,884,902	6,230,111
Assembling of electronic products	23,386,020	40,103,166	31,416,691	12,084,622	9,279,968
Mould design, fabrication and repair	1,977,309	3,448,907	2,446,765	1,147,095	491,457
	61,238,706	80,169,534	59,264,810	23,116,619	16,001,536

Revenue from external customers contributing over 10% to the total revenue of the Group for the years ended 31 July 2021, 31 July 2022, 31 July 2023 and for the four months ended 30 November 2022 and 30 November 2023 is as follows:

	For the year ended 31 July			For the four months ended 30 November	
	2021	2022	2023	2022	2023
	USD	*USD*	*USD*	*USD*	*USD*
				(Unaudited)	
Customer A	20,401,289	35,607,467	27,515,931	10,820,229	7,612,319
Customer B	13,258,564	11,781,112	7,426,795	4,010,188	1,358,277
Customer C	12,799,489	17,233,565	10,398,448	2,951,271	3,334,699

(b) Contract liabilities

The following table shows the revenue recognised related to carried forward contract liabilities:

	For the year ended 31 July			For the four months ended 30 November	
	2021	2022	2023	2022	2023
	USD	*USD*	*USD*	*USD*	*USD*
				(Unaudited)	
Receipts in advance from customers	–	3,833,753	3,370,396	2,248,726	266,715

Due to the short-term nature of the related revenue, all the contract liabilities balance at the year/period end would be recognised into revenue in the next financial year. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6 OTHER INCOME

	For the year ended 31 July			For the four months ended 30 November	
	2021	**2022**	**2023**	**2022**	**2023**
	USD	*USD*	*USD*	*USD*	*USD*
				(Unaudited)	
Other income					
Sales of scrap materials	314	–	1,894	–	1,371
Sundry income *(Note)*	47,763	70,414	27,049	3,450	415
	48,077	70,414	28,943	3,450	1,786

Note: Sundry income is mainly the income from rendering of service for tool repairing, testing and sorting for customers.

7 OTHER GAINS, NET

	For the year ended 31 July			For the four months ended 30 November	
	2021	**2022**	**2023**	**2022**	**2023**
	USD	*USD*	*USD*	*USD*	*USD*
				(Unaudited)	
Net foreign exchange gains	69,194	172,976	130,552	298,782	221,314
(Loss)/gain on disposals of property, plant and equipment and right-of-use assets	(50)	159,713	–	–	36,483
Others	9,119	–	–	–	–
	78,263	332,689	130,552	298,782	257,797

8 EXPENSES BY NATURE

The Group's operating profit is arrived at after charging/(crediting) the following:

	For the year ended 31 July			For the four months ended 30 November	
	2021	**2022**	**2023**	**2022**	**2023**
	USD	*USD*	*USD*	*USD*	*USD*
				(Unaudited)	
Auditors' remuneration					
– Audit services	9,792	8,417	9,784	3,000	4,000
– Non audit services	5,863	4,660	4,750	–	–
Legal and professional fees	9,205	5,902	10,472	6,825	1,276
Costs of sale	57,394,953	73,178,760	52,031,445	20,592,861	13,173,668
Depreciation on property, plant and equipment *(Note 14(a))*	2,218,086	2,468,968	2,691,151	857,531	934,484
Amortisation on intangible assets *(Note 14(b))*	16,707	18,165	6,122	2,738	1,869
Depreciation on right-of-use assets *(Note 14(c))*	385,258	400,194	588,755	196,850	194,180
Expenses relating to short-term leases	184,288	307,439	–	–	–
Provision/(reversal of provision) for impairment of inventories *(Note 15)*	134,353	(66,293)	(71,287)	(76,581)	3,271
Staff costs *(Note 11)*	11,692,093	9,784,381	8,855,374	2,993,483	2,740,509
Commission fee to the ultimate holding company *(Note 24(a))*	1,075,608	900,300	256,115	240,732	288,721
Transportation costs to customers	5,712,924	13,463,805	2,634,620	1,894,126	316,202
Utilities expenses	1,939,560	1,739,797	1,450,337	527,360	535,865
Repair and maintenance expenses	1,781,440	1,412,681	1,461,166	418,334	539,355

9 FINANCE INCOME/(COSTS)

	For the year ended 31 July			For the four months ended 30 November	
	2021	**2022**	**2023**	**2022**	**2023**
	USD	*USD*	*USD*	*USD*	*USD*
				(Unaudited)	
Finance income					
Bank interest income	21,050	56,347	92,869	32,156	13,392
Finance costs					
Interest expenses on borrowings from banks	(1,016,958)	(1,202,408)	(1,332,277)	(458,456)	(341,321)
Interest expenses on borrowings from a director *(Note 24(a))*	(150,546)	(155,329)	(148,469)	(50,842)	(48,333)
Interest expenses on lease liabilities	(228,028)	(221,244)	(269,694)	(94,410)	(80,250)
Interest expenses on payables	–	(93,400)	(102,524)	(32,537)	10,235
	(1,395,532)	(1,672,381)	(1,852,964)	(636,245)	(459,669)
Finance costs, net	(1,374,482)	(1,616,034)	(1,760,095)	(604,089)	(446,277)

10 CORPORATE INCOME TAX

The corporate income tax on the Group's accounting profit before tax differs from the theoretical amount that would arise using the applicable tax rate of 20% as follows:

	For the year ended 31 July			For the four months ended 30 November	
	2021	**2022**	**2023**	**2022**	**2023**
	USD	*USD*	*USD*	*USD*	*USD*
				(Unaudited)	
(Loss)/profit before tax	(502,914)	2,814,390	3,463,007	1,400,247	1,720,149
Tax calculated at the applicable domestic tax rate of respective companies (20%)	(100,583)	562,878	692,601	280,049	344,030
Effect of:					
Expenses not deductible for tax purposes	14,875	4,830	12,021	2,685	3,553
Utilisation of tax losses for which no deferred income tax asset was recognised previously	(415,439)	(320,722)	(299,871)	(74,880)	(175,784)
Tax losses for which no deferred tax was recognised	–	–	41,626	24,963	8,636
Tax deduction	(4,411)	–	–	–	–
Over provision in previous year	–	–	(36,000)	(20,000)	–
Corporate income tax (credit)/expense	(505,558)	246,986	410,377	212,817	180,435
Representing:					
Corporate income tax – current	10,293	75,604	(36,000)	(20,000)	66,075
Corporate income tax – deferred *(Note 17)*	(515,851)	171,382	446,377	232,817	114,360
Corporate income tax (credit)/expense	(505,558)	246,986	410,377	212,817	180,435

11 STAFF COSTS

	For the year ended 31 July			For the four months ended 30 November	
	2021	**2022**	**2023**	**2022**	**2023**
	USD	*USD*	*USD*	*USD*	*USD*
				(Unaudited)	
Salaries, wages and allowances	10,795,305	9,221,514	8,071,887	2,745,462	2,518,508
Contribution to defined contribution scheme	846,557	735,241	756,484	256,770	219,270
Increase/(decrease) in provision for severance allowance	50,231	(172,374)	27,003	(8,749)	2,731
	11,692,093	9,784,381	8,855,374	2,993,483	2,740,509

Staff costs include directors' remuneration totaling USD335,333, USD338,672, USD339,210, USD113,168, USD113,377 for the years ended 31 July 2021, 31 July 2022, 31 July 2023 and for the four months ended 30 November 2022 and 30 November 2023 (Note 12).

Pursuant to the Law on Social Insurance and Unemployment Insurance in Vietnam, the Group is required to contribute to a state-sponsored employees' social insurance and unemployment scheme for its employees in Vietnam. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

12 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

	Aggregate emoluments paid to or receivable by directors in respect of their services as directors, whether of the Company or its subsidiary undertakings
	USD
For the year ended 31 July 2021	335,333
For the year ended 31 July 2022	338,672
For the year ended 31 July 2023	339,210
For the four months ended 30 November 2022 (unaudited)	113,168
For the four months ended 30 November 2023	113,377

(b) Directors' retirement benefits

None of the directors received any retirement benefits during the years ended 31 July 2021, 31 July 2022, 31 July 2023 and the four months ended 30 November 2022 and 30 November 2023.

(c) Directors' termination benefits

None of the directors received any termination benefits during the years ended 31 July 2021, 31 July 2022, 31 July 2023 and the four months ended 30 November 2022 and 30 November 2023.

(d) Consideration provided to third parties for making available directors' services

During the years ended 31 July 2021, 31 July 2022, 31 July 2023 and the four months ended 30 November 2022 and 30 November 2023, the Group did not pay consideration to any third parties for making available directors' services.

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the years ended 31 July 2021, 31 July 2022, 31 July 2023 and the four months ended 30 November 2022 and 30 November 2023, there were no loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled body corporates and connected entities of such directors.

(f) Directors' material interests in transactions, arrangements or contracts

During the years ended 31 July 2021, 31 July 2022, 31 July 2023 and the four months ended 30 November 2022 and 30 November 2023, there were borrowing agreements between the Group and a director of the Company which could result in interest expense of the Group. Additional information for the borrowings from a director is disclosed in Note 24(c).

13 SUBSIDIARY

Details of the Company's subsidiary are set out below.

Name	Place of incorporation and operation	Principal activities	Particulars of issued and paid up capital	Effective interest held as at 31 July 2021, 31 July 2022, 31 July 2023 and 30 November 2023
VS Technology Co., Ltd	Bac Ning, Vietnam	- Manufacturing and assembling electronic and mechanical products (switching mechanisms, central control motors, control panels) - Production and assembly of metal products (steel racks, boxes, trays, pipes and product parts) - Producing and selling all kinds of power converters, household signal transmitters and product parts - Production of components and machinery made of plastic materials with high precision - Manufacturing, assembling and trading electronic products and plastic products	USD1,100,000	100%

14 PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS

The VS Industry Vietnam Group

For the year ended 31 July 2021

	Buildings	Plant, moulds and machinery	Power generating machinery and equipment	Office equipment, furniture and fixtures	Motor vehicles	Total
	USD	*USD*	*USD*	*USD*	*USD*	*USD*
Cost						
As at 1 August 2020 (unaudited)	9,172,731	22,217,732	498,010	28,714	207,881	32,125,068
Additions	1,169,706	6,783,968	–	–	80,153	8,033,827
Disposals	–	(2,360,192)	(385,168)	–	(14,966)	(2,760,326)
As at 31 July 2021	10,342,437	26,641,508	112,842	28,714	273,068	37,398,569
Accumulated depreciation						
As at 1 August 2020 (unaudited)	2,709,593	17,000,544	495,940	28,714	141,575	20,376,366
Charge for the year	341,394	1,849,293	1,270	–	26,129	2,218,086
Disposals	–	(2,205,224)	(384,675)	–	(14,966)	(2,604,865)
As at 31 July 2021	3,050,987	16,644,613	112,535	28,714	152,738	19,989,587
Net book value						
As at 1 August 2020 (unaudited)	6,463,138	5,217,188	2,070	–	66,306	11,748,702
As at 31 July 2021	7,291,450	9,996,895	307	–	120,330	17,408,982

For the year ended 31 July 2022

	Buildings	Plant, moulds and machinery	Power generating machinery and equipment	Office equipment, furniture and fixtures	Motor vehicles	Total
	USD	*USD*	*USD*	*USD*	*USD*	*USD*
Cost						
As at 1 August 2021	10,342,437	26,641,508	112,842	28,714	273,068	37,398,569
Additions	84,450	2,691,327	–	–	–	2,775,777
Disposals	–	(2,213,669)	–	–	–	(2,213,669)
As at 31 July 2022	10,426,887	27,119,166	112,842	28,714	273,068	37,960,677
Accumulated depreciation						
As at 1 August 2021	3,050,987	16,644,613	112,535	28,714	152,738	19,989,587
Charge for the year	384,649	2,071,528	307	–	12,484	2,468,968
Disposals	–	(2,171,294)	–	–	–	(2,171,294)
As at 31 July 2022	3,435,636	16,544,847	112,842	28,714	165,222	20,287,261
Net book value						
As at 1 August 2021	7,291,450	9,996,895	307	–	120,330	17,408,982
As at 31 July 2022	6,991,251	10,574,319	–	–	107,846	17,673,416

For the year ended 31 July 2023

	Buildings	Plant, moulds and machinery	Power generating machinery and equipment	Office equipment, furniture and fixtures	Motor vehicles	Total
	USD	*USD*	*USD*	*USD*	*USD*	*USD*
Cost						
As at 1 August 2022	10,426,887	27,119,166	112,842	28,714	273,068	37,960,677
Additions	342,568	2,127,856	–	8,798	–	2,479,222
As at 31 July 2023	10,769,455	29,247,022	112,842	37,512	273,068	40,439,899
Accumulated depreciation						
As at 1 August 2022	3,435,636	16,544,847	112,842	28,714	165,222	20,287,261
Charge for the year	499,960	2,179,812	–	587	10,792	2,691,151
As at 31 July 2023	3,935,596	18,724,659	112,842	29,301	176,014	22,978,412
Net book value						
As at 1 August 2022	6,991,251	10,574,319	–	–	107,846	17,673,416
As at 31 July 2023	6,833,859	10,522,363	–	8,211	97,054	17,461,487

For the four months ended 30 November 2022

	Buildings	Plant, moulds and machinery	Power generating machinery and equipment	Office equipment, furniture and fixtures	Motor vehicles	Total
	USD	*USD*	*USD*	*USD*	*USD*	*USD*
Cost						
As at 1 August 2022	10,426,887	27,119,166	112,842	28,714	273,068	37,960,677
Additions (unaudited)	–	1,128,028	–	–	–	1,128,028
As at 30 November 2022 (unaudited)	10,426,887	28,247,194	112,842	28,714	273,068	39,088,705
Accumulated depreciation						
As at 1 August 2022	3,435,636	16,544,847	112,842	28,714	165,222	20,287,261
Charge for the period (unaudited)	164,990	688,944	–	–	3,597	857,531
As at 30 November 2022 (unaudited)	3,600,626	17,233,791	112,842	28,714	168,819	21,144,792
Net book value						
As at 1 August 2022	6,991,251	10,574,319	–	–	107,846	17,673,416
As at 30 November 2022 (unaudited)	6,826,261	11,013,403	–	–	104,249	17,943,913

For the four months ended 30 November 2023

	Buildings	Plant, moulds and machinery	Power generating machinery and equipment	Office equipment, furniture and fixtures	Motor vehicles	Total
	USD	*USD*	*USD*	*USD*	*USD*	*USD*
Cost						
As at 1 August 2023	10,769,455	29,247,022	112,842	37,512	273,068	40,439,899
Additions	843,891	2,500,786	–	–	164,401	3,509,078
Disposals	–	(1,430,589)	–	–	–	(1,430,589)
As at 30 November 2023	11,613,346	30,317,219	112,842	37,512	437,469	42,518,388
Accumulated depreciation						
As at 1 August 2023	3,935,596	18,724,659	112,842	29,301	176,014	22,978,412
Charge for the year	141,475	785,260	–	587	7,162	934,484
Disposals	–	(1,411,833)	–	–	–	(1,411,833)
As at 30 November 2023	4,077,071	18,098,086	112,842	29,888	183,176	22,501,063
Net book value						
As at 1 August 2023	6,833,859	10,522,363	–	8,211	97,054	17,461,487
As at 30 November 2023	7,536,275	12,219,133	–	7,624	254,293	20,017,325

Certain property, plant and equipment were pledged with banks as collateral or mortgaged assets for borrowings granted to the Group (Note 20).

Depreciation incurred during the year/period is attributable to the following:

	For the year ended 31 July			For the four months ended 30 November	
	2021	**2022**	**2023**	**2022**	**2023**
	USD	*USD*	*USD*	*USD*	*USD*
				(Unaudited)	
Cost of sales	2,106,094	2,356,968	2,580,384	820,609	892,424
Administrative expenses	111,992	112,000	110,767	36,922	42,060
	2,218,086	2,468,968	2,691,151	857,531	934,484

VS Industry Vietnam

For the year ended 31 July 2021

	Buildings	**Plant, moulds and machinery**	**Power generating machinery and equipment**	**Office equipment, furniture and fixtures**	**Motor vehicles**	**Total**
	USD	*USD*	*USD*	*USD*	*USD*	*USD*
Cost						
As at 1 August 2020 (unaudited)	7,966,820	21,519,666	498,010	28,714	141,875	30,155,085
Additions	1,169,706	6,520,779	–	–	36,000	7,726,485
Disposals	–	(2,360,192)	(385,168)	–	(14,966)	(2,760,326)
As at 31 July 2021	9,136,526	25,680,253	112,842	28,714	162,909	35,121,244
Accumulated depreciation						
As at 1 August 2020 (unaudited)	1,963,246	16,799,689	495,940	28,714	131,949	19,419,538
Charge for the year	341,394	1,618,205	1,270	–	4,200	1,965,069
Disposals	–	(2,205,224)	(384,675)	–	(14,966)	(2,604,865)
As at 31 July 2021	2,304,640	16,212,670	112,535	28,714	121,183	18,779,742
Net book value						
As at 1 August 2020 (unaudited)	6,003,574	4,719,977	2,070	–	9,926	10,735,547
As at 31 July 2021	6,831,886	9,467,583	307	–	41,726	16,341,502

For the year ended 31 July 2022

	Buildings	Plant, moulds and machinery	Power generating machinery and equipment	Office equipment, furniture and fixtures	Motor vehicles	Total
	USD	*USD*	*USD*	*USD*	*USD*	*USD*
Cost						
As at 1 August 2021	9,136,526	25,680,253	112,842	28,714	162,909	35,121,244
Additions	84,450	2,691,327	–	–	–	2,775,777
Disposals	–	(2,213,669)	–	–	–	(2,213,669)
As at 31 July 2022	9,220,976	26,157,911	112,842	28,714	162,909	35,683,352
Accumulated depreciation						
As at 1 August 2021	2,304,640	16,212,670	112,535	28,714	121,183	18,779,742
Charge for the year	384,649	1,796,841	307	–	12,484	2,194,281
Disposals	–	(2,171,294)	–	–	–	(2,171,294)
As at 31 July 2022	2,689,289	15,838,217	112,842	28,714	133,667	18,802,729
Net book value						
As at 1 August 2021	6,831,886	9,467,583	307	–	41,726	16,341,502
As at 31 July 2022	6,531,687	10,319,694	–	–	29,242	16,880,623

For the year ended 31 July 2023

	Buildings	Plant, moulds and machinery	Power generating machinery and equipment	Office equipment, furniture and fixtures	Motor vehicles	Total
	USD	*USD*	*USD*	*USD*	*USD*	*USD*
Cost						
As at 1 August 2022	9,220,976	26,157,911	112,842	28,714	162,909	35,683,352
Additions	342,568	2,127,856	–	8,798	–	2,479,222
As at 31 July 2023	9,563,544	28,285,767	112,842	37,512	162,909	38,162,574
Accumulated depreciation						
As at 1 August 2022	2,689,289	15,838,217	112,842	28,714	133,667	18,802,729
Charge for the year	499,960	1,918,638	–	587	10,792	2,429,977
As at 31 July 2023	3,189,249	17,756,855	112,842	29,301	144,459	21,232,706
Net book value						
As at 1 August 2022	6,531,687	10,319,694	–	–	29,242	16,880,623
As at 31 July 2023	6,374,295	10,528,912	–	8,211	18,450	16,929,868

For the four months ended 30 November 2022

	Buildings	Plant, moulds and machinery	Power generating machinery and equipment	Office equipment, furniture and fixtures	Motor vehicles	Total
	USD	*USD*	*USD*	*USD*	*USD*	*USD*
Cost						
As at 1 August 2022	9,220,976	26,157,911	112,842	28,714	162,909	35,683,352
Additions (unaudited)	–	1,128,028	–	–	–	1,128,028
As at 30 November 2022 (unaudited)	9,220,976	27,285,939	112,842	28,714	162,909	36,811,380
Accumulated depreciation						
As at 1 August 2022	2,689,289	15,838,217	112,842	28,714	133,667	18,802,729
Charge for the period (unaudited)	164,990	600,703	–	–	3,597	769,290
As at 30 November 2022 (unaudited)	2,854,279	16,438,920	112,842	28,714	137,264	19,572,019
Net book value						
As at 1 August 2022	6,531,687	10,319,694	–	–	29,242	16,880,623
As at 30 November 2022 (unaudited)	6,366,697	10,152,653	–	–	25,645	17,239,361

For the four months ended 30 November 2023

	Buildings	Plant, moulds and machinery	Power generating machinery and equipment	Office equipment, furniture and fixtures	Motor vehicles	Total
	USD	*USD*	*USD*	*USD*	*USD*	*USD*
Cost						
As at 1 August 2023	9,563,544	28,285,767	112,842	37,512	162,909	38,162,574
Additions	843,891	2,500,786	–	–	–	3,344,677
Disposals	–	(1,430,589)	–	–	–	(1,430,589)
As at 30 November 2023	10,407,435	29,355,964	112,842	37,512	162,909	40,076,662
Accumulated depreciation						
As at 1 August 2023	3,189,249	17,756,855	112,842	29,301	144,459	21,232,706
Charge for the period	141,475	698,154	–	587	2,024	842,240
Disposals		(1,411,833)	–	–	–	(1,411,833)
As at 30 November 2023	3,330,724	17,043,176	112,842	29,888	146,483	20,663,113
Net book value						
As at 1 August 2023	6,374,295	10,528,912	–	8,211	18,450	16,929,868
As at 30 November 2023	7,076,711	12,312,788	–	7,624	16,426	19,413,549

(b) Intangible assets

The VS Industry Vietnam Group

For the year ended 31 July 2021

	Software	**Trademark**	**Total**
	USD	*USD*	*USD*
Cost			
As at 1 August 2020 (unaudited)	176,320	4,219	180,539
Additions	20,632	–	20,632
As at 31 July 2021	196,952	4,219	201,171
Accumulated amortisation			
As at 1 August 2020 (unaudited)	138,922	4,219	143,141
Charge for the year	16,707	–	16,707
As at 31 July 2021	155,629	4,219	159,848
Net book value			
As at 1 August 2020 (unaudited)	37,398	–	37,398
As at 31 July 2021	41,323	–	41,323

For the year ended 31 July 2022

	Software	Trademark	Total
	USD	*USD*	*USD*
Cost			
As at 1 August 2021	196,952	4,219	201,171
Additions	11,042	–	11,042
As at 31 July 2022	207,994	4,219	212,213
Accumulated amortisation			
As at 1 August 2021	155,629	4,219	159,848
Charge for the year	18,165	–	18,165
As at 31 July 2022	173,794	4,219	178,013
Net book value			
As at 1 August 2021	41,323	–	41,323
As at 31 July 2022	34,200	–	34,200

For the year ended 31 July 2023

	Software	Trademark	Total
	USD	*USD*	*USD*
Cost			
As at 1 August 2022 and 31 July 2023	207,994	4,219	212,213
Accumulated amortisation			
As at 1 August 2022	173,794	4,219	178,013
Charge for the year	6,122	–	6,122
As at 31 July 2023	179,916	4,219	184,135
Net book value			
As at 1 August 2022	34,200	–	34,200
As at 31 July 2023	28,078	–	28,078

For the four months ended 30 November 2022

	Software	Trademark	Total
	USD	*USD*	*USD*
Cost			
As at 1 August 2022 and 30 November 2022 (unaudited)	207,994	4,219	212,213
Accumulated amortisation			
As at 1 August 2022	173,794	4,219	178,013
Charge for the period (unaudited)	2,738	–	2,738
As at 30 November 2022 (unaudited)	176,532	4,219	180,751
Net book value			
As at 1 August 2022	34,200	–	34,200
As at 30 November 2022 (unaudited)	31,462	–	31,462

For the four months ended 30 November 2023

	Software	Trademark	Total
	USD	*USD*	*USD*
Cost			
As at 1 August 2023	207,994	4,219	212,213
Additions	4,253	–	4,253
As at 30 November 2023	212,247	4,219	216,466
Accumulated amortisation			
As at 1 August 2023	179,916	4,219	184,135
Charge for the period	1,869	–	1,869
As at 30 November 2023	181,785	4,219	186,004
Net book value			
As at 1 August 2023	28,078	–	28,078
As at 30 November 2023	30,462	–	30,462

Amortisation incurred during the year/period is attributable to the following:

	For the year ended 31 July			For the four months ended 30 November	
	2021	**2022**	**2023**	**2022**	**2023**
	USD	*USD*	*USD*	*USD*	*USD*
				(Unaudited)	
Cost of sales	16,301	16,953	4,910	2,334	1,465
Administrative expenses	406	1,212	1,212	404	404
	16,707	18,165	6,122	2,738	1,869

VS Industry Vietnam

For the year ended 31 July 2021

	Software	**Trademark**	**Total**
	USD	*USD*	*USD*
Cost			
As at 1 August 2020 (unaudited)	66,827	4,219	71,046
Additions	20,632	–	20,632
As at 31 July 2021	87,459	4,219	91,678
Accumulated amortisation			
As at 1 August 2020 (unaudited)	56,947	4,219	61,166
Charge for the year	2,766	–	2,766
As at 31 July 2021	59,713	4,219	63,932
Net book value			
As at 1 August 2020 (unaudited)	9,880	–	9,880
As at 31 July 2021	27,746	–	27,746

For the year ended 31 July 2022

	Software	**Trademark**	**Total**
	USD	*USD*	*USD*
Cost			
As at 1 August 2021	87,459	4,219	91,678
Additions	11,042	–	11,042
As at 31 July 2022	98,501	4,219	102,720
Accumulated amortisation			
As at 1 August 2021	59,713	4,219	63,932
Charge for the year	18,165	–	18,165
As at 31 July 2022	77,878	4,219	82,097
Net book value			
As at 1 August 2021	27,746	–	27,746
As at 31 July 2022	20,623	–	20,623

For the year ended 31 July 2023

	Software	**Trademark**	**Total**
	USD	*USD*	*USD*
Cost			
As at 1 August 2022 and 31 July 2023	98,501	4,219	102,720
Accumulated amortisation			
As at 1 August 2022	77,878	4,219	82,097
Charge for the year	4,706	–	4,706
As at 31 July 2023	82,584	4,219	86,803
Net book value			
As at 1 August 2022	20,623	–	20,623
As at 31 July 2023	15,917	–	15,917

For the four months ended 30 November 2022

	Software	Trademark	Total
	USD	*USD*	*USD*
Cost			
As at 1 August 2022 and 30 November 2022 (unaudited)	98,501	4,219	102,720
Accumulated amortisation			
As at 1 August 2022	77,878	4,219	82,097
Charge for the period (unaudited)	2,738	–	2,738
As at 30 November 2022 (unaudited)	80,616	4,219	84,835
Net book value			
As at 1 August 2022	20,623	–	20,623
As at 30 November 2022 (unaudited)	17,885	–	17,885

For the four months ended 30 November 2023

	Software	Trademark	Total
	USD	*USD*	*USD*
Cost			
As at 1 August 2023	98,501	4,219	102,720
Additions	4,253	–	4,253
As at 30 November 2023	102,754	4,219	106,973
Accumulated amortisation			
As at 1 August 2023	82,584	4,219	86,803
Charge for the period	1,869	–	1,869
As at 30 November 2023	84,453	4,219	88,672
Net book value			
As at 1 August 2023	15,917	–	15,917
As at 30 November 2023	18,301	–	18,301

(c) Right-of-use assets

The VS Industry Vietnam Group and VS Industry Vietnam

	As at 31 July			As at 30 November
	2021	**2022**	**2023**	**2023**
	USD	*USD*	*USD*	*USD*
Net book value				
Land use rights	448,868	430,611	412,354	406,268
Warehouses and apartment	1,645,780	2,408,309	1,931,722	1,774,973
Machineries	932,896	838,571	744,660	713,315
	3,027,544	3,677,491	3,088,736	2,894,556

	For the year ended 31 July			For the four months ended 30 November	
	2021	**2022**	**2023**	**2022**	**2023**
	USD	*USD*	*USD*	*USD*	*USD*
				(Unaudited)	
Depreciation charge					
Land use rights	18,257	18,257	18,257	6,086	6,086
Warehouses and apartment	286,001	287,612	476,587	162,271	156,813
Machineries	81,000	94,325	93,911	28,493	31,281
Total	385,258	400,194	588,755	196,850	194,180

Additions to the right-of-use assets during the years ended 31 July 2021, 31 July 2022, 31 July 2023 and the four months ended 30 November 2022 and 30 November 2023 were USD615,716, USD1,050,141, nil, nil, and nil, respectively.

For the years ended 31 July 2021, 31 July 2022, 31 July 2023 and the four months ended 30 November 2022 and 30 November 2023, depreciation of right-of-use assets was included in cost of sales.

The land use rights were pledged with banks as collateral or mortgaged assets for borrowings granted to the Group (Note 20).

15 INVENTORIES

The VS Industry Vietnam Group

	As at 31 July			As at 30 November
	2021	**2022**	**2023**	**2023**
	USD	*USD*	*USD*	*USD*
Goods in transit	1,842,627	723,927	777,973	503,037
Raw materials	5,179,131	7,645,701	4,570,690	5,411,855
Work-in-progress	3,375,554	2,871,442	1,231,452	1,514,401
Finished goods	6,942,949	5,232,338	1,795,184	2,607,791
Inventories – gross	17,340,261	16,473,408	8,375,299	10,037,084
Provision for impairment	(186,210)	(119,917)	(48,630)	(51,901)
Inventories – net	17,154,051	16,353,491	8,326,669	9,985,183

VS Industry Vietnam

	As at 31 July			As at 30 November
	2021	**2022**	**2023**	**2023**
	USD	*USD*	*USD*	*USD*
Goods in transit	1,842,627	723,257	777,303	502,367
Raw materials	5,055,182	7,607,078	4,530,884	5,367,360
Work-in-progress	1,314,995	1,281,649	960,537	1,309,772
Finished goods	6,944,104	5,243,461	1,742,089	2,340,017
Inventories – gross	15,156,908	14,855,445	8,010,813	9,519,516
Provision for impairment	(186,210)	(119,917)	(48,630)	(51,901)
Inventories – net	14,970,698	14,735,528	7,962,183	9,467,615

Certain inventories were pledged with banks as collateral or mortgaged assets for borrowings granted to the Group (Note 20).

Provision for/(reversal of) impairment for inventories was recognised as an income/expense and included in 'cost of sales'.

Movements in the Group's provision for impairment of inventories are as follows:

	For the year ended 31 July			For the four months ended 30 November	
	2021	**2022**	**2023**	**2022**	**2023**
	USD	*USD*	*USD*	*USD*	*USD*
				(Unaudited)	
Beginning of the year/period	51,857	186,210	119,917	119,917	48,630
Provision/(reversal of provision) for impairment for the year/period	134,353	(66,293)	(71,287)	(76,581)	3,271
End of the year/period	186,210	119,917	48,630	43,336	51,901

16 TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The VS Industry Vietnam Group

	As at 31 July			As at 30 November
	2021	**2022**	**2023**	**2023**
	USD	*USD*	*USD*	*USD*
Trade receivables	7,859,449	9,514,233	6,062,128	5,639,067
Less: Loss allowance	(34,043)	–	–	–
Trade receivables – net	7,825,406	9,514,233	6,062,128	5,639,067
Prepayments, deposits and other receivables	1,973,503	2,680,863	2,187,019	1,332,256
Total trade receivables, prepayments, deposits and other receivables	9,798,909	12,195,096	8,249,147	6,971,323
Less: non-current portion	(780,601)	(1,345,675)	(1,268,302)	(527,390)
Current portion	9,018,308	10,849,421	6,980,845	6,443,933

VS Industry Vietnam

	As at 31 July			As at 30 November
	2021	**2022**	**2023**	**2023**
	USD	*USD*	*USD*	*USD*
Trade receivables	7,859,449	9,514,233	6,062,128	5,639,067
Less: Loss allowance	(34,043)	–	–	–
Trade receivables – net	7,825,406	9,514,233	6,062,128	5,639,067
Prepayments, deposits and other receivables	1,933,236	2,663,502	2,151,254	1,330,234
Total trade receivables, prepayments, deposits and other receivables	9,758,642	12,177,735	8,213,382	6,969,301
Less: non-current portion	(780,601)	(1,345,675)	(1,268,302)	(527,390)
Current portion	8,978,041	10,832,060	6,945,080	6,441,911

Prepayments, deposits and other receivables primarily included prepayments to purchase of property, plant and equipment, raw materials and services and advances to employees.

The Group's trading terms with its customers are mainly on credit. The credit period is generally for 60 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Certain trade receivables were pledged with banks as collateral or mortgaged assets for borrowings granted to the Group (Note 20).

The maximum exposure to credit risk at the reporting date is the carrying amounts of each class of receivables mentioned above.

The aging analysis of the Group's trade receivables by invoice date is as follows:

	As at 31 July			**As at 30 November**
	2021	**2022**	**2023**	**2023**
	USD	*USD*	*USD*	*USD*
Up to 3 months	7,652,142	9,179,640	5,710,597	5,402,386
3 to 6 months	141,759	329,803	319,786	236,681
Over 6 months	65,548	4,790	31,745	–
	7,859,449	9,514,233	6,062,128	5,639,067

The carrying amounts of the trade and other receivables are denominated in the following currencies:

	As at 31 July			**As at 30 November**
	2021	**2022**	**2023**	**2023**
	USD	*USD*	*USD*	*USD*
USD	9,607,190	11,913,353	7,950,283	6,883,981
VND	191,719	281,743	298,864	87,342
	9,798,909	12,195,096	8,249,147	6,971,323

17 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

The VS Industry Vietnam Group and VS Industry Vietnam

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority and same taxable unit. The details were as follows:

	As at 31 July			As at 30 November
	2021	2022	2023	2023
	USD	*USD*	*USD*	*USD*
Deferred income tax assets:	2,906,706	2,668,055	1,318,941	1,185,959
Deferred income tax liabilities:	(1,369,231)	(1,301,962)	(399,225)	(380,603)
	1,537,475	1,366,093	919,716	805,356

Movements in the deferred income tax, taking into consideration the offsetting of balances within the same tax jurisdiction were as follows:

	For the year ended 31 July			For the four months ended 30 November	
	2021	2022	2023	2022	2023
	USD	*USD*	*USD*	*USD*	*USD*
				(Unaudited)	
Beginning of the year/period	1,021,624	1,537,475	1,366,093	1,366,093	919,716
Credited/(charged) to profit or loss *(Note 10)*	515,851	(171,382)	(446,377)	(232,817)	(114,360)
End of the year/period	1,537,475	1,366,093	919,716	1,133,276	805,356

	Profits from of sales of goods	Tools and supplies, repairs and maintenance expenses	Lease liabilities	Provision for severance allowance	Accrual for sales rebates	Right of use assets	Others	Total
	USD	*USD*	*USD*	*USD*	*USD*	*USD*	*USD*	*USD*
At 1 August 2020 (unaudited)	–	870,976	410,541	96,284	–	(366,548)	10,371	1,021,624
Credited/(charged) to the consolidated statement of comprehensive income	325,236	39,531	(4,965)	9,084	81,094	37,344	28,527	515,851
At 31 July 2021	325,236	910,507	405,576	105,368	81,094	(329,204)	38,898	1,537,475
(Charged)/credited to the consolidated statement of comprehensive income	(114,985)	(136,477)	148,823	(36,153)	115,515	(152,564)	4,459	(171,382)
At 31 July 2022	210,251	774,030	554,399	69,215	196,609	(481,768)	43,357	1,366,093
(Charged)/credited to the consolidated statement of comprehensive income	(192,199)	(409,091)	(68,419)	3,916	125,178	95,218	(980)	(446,377)
At 31 July 2023	18,052	364,939	485,980	73,131	321,787	(386,550)	42,377	919,716
At 1 August 2022 (unaudited)	210,251	774,030	554,399	69,215	196,609	(481,768)	43,357	1,366,093
(Charged)/credited to the consolidated statement of comprehensive income (unaudited)	(195,047)	(33,514)	(65,546)	(2,330)	42,227	31,845	(10,452)	(232,817)
At 30 November 2022 (unaudited)	15,204	740,516	488,853	66,885	238,836	(449,923)	32,905	1,133,276
At 1 August 2023	18,052	364,939	485,980	73,131	321,787	(386,550)	42,377	919,716
(Charged)/credited to the consolidated statement of comprehensive income	(15,527)	(103,805)	(63,104)	260	39,447	31,335	(2,966)	(114,360)
At 30 November 2023	2,525	261,134	422,876	73,391	361,234	(355,215)	39,411	805,356

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

The Group's tax losses can be carried forward to offset against future taxable profits for a maximum period of no more than five (5) consecutive years from the year right after the year in which the loss was incurred. The actual amount of tax losses that can be carried forward is subject to review and approval of the tax authorities and may be different from the figures presented in financial statements.

The Group did not recognise deferred income tax assets of USD2,606,561, USD1,939,435, USD1,268,797, USD217,409 and USD50,261 as at 31 July 2021, 31 July 2022, 31 July 2023 and 30 November 2023 in respect of tax losses amounting to USD9,697,175, USD6,343,983, USD1,087,046 and USD251,307 respectively, due to the unpredictability of future profit streams. The tax losses can be carried forward against future taxable income, which was expired after 31 December 2021 and 31 December 2022 with the amount of USD1,749,582 and USD3,965,709 respectively.

18 CASH AND CASH EQUIVALENTS AND SHORT-TERM BANK DEPOSITS

The VS Industry Vietnam Group

	As at 31 July			As at 30 November
	2021	**2022**	**2023**	**2023**
	USD	*USD*	*USD*	*USD*
Cash at banks and cash on hand	4,294,987	5,585,125	6,097,173	4,325,258
Cash equivalents *(Note (a))*	7,140	7,110	558,452	549,931
Cash and cash equivalents	4,302,127	5,592,235	6,655,625	4,875,189
Short-term bank deposits *(Note (b))*	3,255,981	4,279,747	2,713,196	2,993,481

VS Industry Vietnam

	As at 31 July			As at 30 November
	2021	**2022**	**2023**	**2023**
	USD	*USD*	*USD*	*USD*
Cash at banks and cash on hand	4,119,060	5,349,232	5,907,928	4,213,615
Cash equivalents *(Note (a))*	7,140	7,110	558,452	549,931
Cash and cash equivalents	4,126,200	5,356,342	6,466,380	4,763,546
Short-term bank deposits *(Note (b))*	3,255,981	4,279,747	2,713,196	2,993,481

(a) Cash equivalents mainly represent bank deposits with original maturity of 3 months or less. Interest rates range from 1% to 3.5% per annum as at 31 July 2021, 31 July 2022, 31 July 2023 and 30 November 2023.

(b) Short-term bank deposits mainly represent bank deposits with original maturity of more than 3 months and remaining term of less than 12 months. The balance included certain non-interesting bearing deposits amounting to USD1,350,508, USD1,350,508, USD1,500,508 and USD1,800,508 as at 31 July 2021, 31 July 2022, 31 July 2023 and 30 November 2023 which were pledged for certain loan facilities. Apart from the non-interesting bearing deposits, the interest rates of the remaining short-term deposits range from 1.6% to 6.0%, 1.1% to 5.3%, 5.2% to 8.4%, 3.5% to 8.4% per annum as at 31 July 2021, 31 July 2022, 31 July 2023 and 30 November 2023.

The balance included certain non-interest bearing deposits amounted to USD100,000, USD100,000, USD1,500,000 and USD1,800,000 as at 31 July 2021, 31 July 2022, 31 July 2023 and 30 November 2023 which were pledged for certain loan facilities.

Certain short-term bank deposits were pledged with banks as collateral or mortgaged assets for borrowings granted to the Group (Note 20). Certain short-term bank deposits were used to guarantee for the electricity contract signed with North Power Joint Stock Company and Area 1 Electrical Power Joint Stock Company.

The carrying amounts of the cash and cash equivalents and short-term bank deposits are denominated in the following currencies:

	As at 31 July			As at 30 November
	2021	**2022**	**2023**	**2023**
	USD	*USD*	*USD*	*USD*
USD	5,273,198	6,790,739	7,108,845	5,922,228
VND	2,284,910	3,081,243	2,259,976	1,946,442
	7,558,108	9,871,982	9,368,821	7,868,670

19 CONTRACT LIABILITIES, TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

The VS Industry Vietnam Group

	As at 31 July			As at 30 November
	2021	**2022**	**2023**	**2023**
	USD	*USD*	*USD*	*USD*
Trade payables	10,258,008	8,779,995	5,226,261	5,605,467
Payables for purchase of property, plant and equipment	1,106,198	1,990,805	376,264	2,689,870
Accrual for sales rebates	405,468	983,048	1,608,938	1,806,170
Accrued expenses and other payables *(Note (a))*	1,827,682	1,277,828	885,688	989,016
Contract liabilities *(Note (b))*	3,833,753	3,370,396	607,996	591,627
Provision for severance allowance	526,838	346,074	365,657	366,956
	17,957,947	16,748,146	9,070,804	12,049,106
Less: non-current portion				
– Payables for purchase of property, plant and equipment	–	–	–	(770,766)
– Provision for severance allowance	(526,838)	(346,074)	(365,657)	(366,956)
	(526,838)	(346,074)	(365,657)	(1,137,722)
Current portion	17,431,109	16,402,072	8,705,147	10,911,384

VS Industry Vietnam

	As at 31 July			As at 30 November
	2021	**2022**	**2023**	**2023**
	USD	*USD*	*USD*	*USD*
Trade payables	9,094,699	8,162,522	5,159,143	5,548,623
Payables for purchase of property, plant and equipment	1,106,198	1,990,805	376,264	2,689,870
Accrual for sales rebates	405,468	983,048	1,608,938	1,806,170
Accrued expenses and other payables	1,719,891	1,177,179	794,215	890,470
Contract liabilities	3,833,753	3,370,396	607,996	591,627
Provision for severance allowance	526,838	346,074	365,657	366,956
	16,686,847	16,030,024	8,912,213	11,893,716
Less: non-current portion				
– Payables for purchase of property, plant and equipment	–	–	–	(770,766)
– Provision for severance allowance	(526,838)	(346,074)	(365,657)	(366,956)
	(526,838)	(346,074)	(365,657)	(1,137,722)
Current portion	16,160,009	15,683,950	8,546,556	10,755,994

Notes:

(a) The accrued expenses and other payables primarily include salaries and bonuses to employees and transportation costs.

(b) Contract liabilities are receipts in advance from customers.

The aging analysis of trade payables based on invoice date is as follows:

	As at 31 July			As at 30 November
	2021	**2022**	**2023**	**2023**
	USD	*USD*	*USD*	*USD*
Less than 1 month	4,250,575	4,426,838	2,573,536	4,144,885
1 to 3 months	5,523,731	2,443,983	2,519,163	1,413,940
More than 3 months	483,702	1,909,174	133,562	46,642
	10,258,008	8,779,995	5,226,261	5,605,467

The carrying amounts of the trade and other payables are denominated in the following currencies:

	As at 31 July			As at 30 November
	2021	**2022**	**2023**	**2023**
	USD	*USD*	*USD*	*USD*
USD	13,955,947	13,423,385	6,557,178	9,054,825
VND	4,002,000	3,324,761	2,513,626	2,994,281
	17,957,947	16,748,146	9,070,804	12,049,106

20 BORROWINGS FROM BANKS

The VS Industry Vietnam Group

	As at 31 July			As at 30 November
	2021	**2022**	**2023**	**2023**
	USD	*USD*	*USD*	*USD*
Current – secured	20,322,844	24,303,371	16,297,313	13,060,254
Non-current – secured	1,417,104	61,150	6,876	100,903
Total borrowings	21,739,948	24,364,521	16,304,189	13,161,157

VS Industry Vietnam

	As at 31 July			As at 30 November
	2021	**2022**	**2023**	**2023**
	USD	*USD*	*USD*	*USD*
Current	19,702,711	23,700,461	16,080,659	12,842,913
Non-current	1,280,307	15,390	7,211	13,378
Total borrowings	20,983,018	23,715,851	16,087,870	12,856,291

Short-term borrowings have the original maturity of 12 months from their drawdown dates. Long-term borrowings have the original maturity from 36 months to 60 months from their drawdown dates.

The carrying amounts of the borrowings are denominated in the following currencies:

	As at 31 July			As at 30 November
	2021	**2022**	**2023**	**2023**
	USD	*USD*	*USD*	*USD*
USD	20,685,448	23,558,734	16,130,047	12,884,409
VND	1,054,500	805,787	174,142	276,748
	21,739,948	24,364,521	16,304,189	13,161,157

Assets pledged as security

In addition, the borrowings were also guaranteed by guarantee letter for the value of USD12,000,000 from Mr. Beh Kim Ling and Mr. Beh Kim Siea as at 31 July 2021 and USD20,000,000 from Mr. Beh Kim Ling as at 31 July 2022, 31 July 2023 and 30 November 2023.

	As at 31 July			As at 30 November
	2021	2022	2023	2023
	USD	*USD*	*USD*	*USD*
Current				
Inventories	–	16,353,491	8,326,669	9,985,183
Trade receivables	3,509,981	6,715,234	6,062,128	5,639,067
Short-term bank deposits	2,866,091	3,364,307	2,560,389	1,972,536
Total current assets pledged as security	6,376,072	26,433,032	16,949,186	17,596,786
Non-current				
Property, plant and equipment	13,031,625	14,322,409	14,775,055	13,437,835
Right-of-use assets	448,867	430,610	412,352	406,267
Total non-current assets pledged as security	13,480,492	14,753,019	15,187,407	13,844,102
Total assets pledged as security	**19,856,564**	**41,186,051**	**32,136,593**	**31,440,888**

21 LEASE LIABILITIES

The VS Industry Vietnam Group and VS Industry Vietnam

	As at 31 July			As at 30 November
	2021	2022	2023	2023
	USD	*USD*	*USD*	*USD*
Current	468,626	690,721	730,969	708,936
Non-current	1,989,725	2,386,081	1,768,641	1,549,763
Total lease liabilities	2,458,351	3,076,802	2,499,610	2,258,699

The Group leases warehouses, machinery and apartments.

For the years ended 31 July 2021, 31 July 2022, 31 July 2023 and the four months ended 30 November 2022 and 30 November 2023, the total cash outflows for leases were USD862,026. USD956,661, USD837,840, USD270,920 and USD278,811.

Lease contracts are secured by deposits to lessors. Deposits pledged as security as at 31 July 2021, 31 July 2022, 31 July 2023 and 30 November 2023 were USD33,894, USD75,004, USD75,004 and USD75,004, respectively.

	As at 31 July			As at 30 November
	2021	**2022**	**2023**	**2023**
	USD	*USD*	*USD*	*USD*
Minimum lease payments				
– Within one year	557,892	830,264	821,486	790,004
– From one year to five years	2,076,034	2,833,257	2,291,357	1,997,580
– Later than five years	731,285	310,191	–	–
Total undiscounted lease liabilities	3,365,211	3,973,712	3,112,843	2,787,584
Less: total future interest expenses	(906,860)	(896,910)	(613,233)	(528,885)
Present value of lease liabilities	2,458,351	3,076,802	2,499,610	2,258,699

22 SHARE CAPITAL AND SHARE PREMIUM

Authorised ordinary shares

	As at 31 July 2021, 31 July 2022 and 31 July 2023 and 30 November 2023
Number of shares registered	42,414,089

Issued and fully paid ordinary shares

	Number of shares	Ordinary shares *USD*
As at 1 August 2020 (unaudited)	**32,696,910**	**17,291,213**
New shares issued *(Note)*	9,320,000	4,000,000
As at 31 July 2021, 31 July 2022 and 31 July 2023 and 30 November 2023	**42,016,910**	**21,291,213**

Par value per share: VND10,000 (equivalent to approximately USD0.5).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Note: In August 2020, the amount due to B&E Holding Limited of USD4,000,000 for purchase of property, plant and equipment was converted to capital contribution of USD4,000,000 from B&E Holding Limited and 9,320,000 new shares were issued to B&E Holding Limited.

During the year ended 31 July 2012, the Group repurchased 397,179 shares with the amount of USD237,388 from employees and such repurchased shares have not been cancelled as of 30 November 2023.

23 DIVIDENDS

No dividend has been paid or declared by the Company and its subsidiary for the years ended 31 July 2021, 31 July 2022, 31 July 2023 and the four months ended 30 November 2022 and 30 November 2023

24 RELATED PARTY DISCLOSURES

For the purposes of the Historical Financial Information, parties are considered to be related to the Group if the parties have the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

Details of the key related parties and relationship are set out below:

Related parties	**Relationship**
Beh Kim Siea	Controlling shareholder of the ultimate holding company
B&E Holding Limited	Ultimate holding company
V.S. Industry (ZhuHai) Co., Ltd	Other related party
V.S. Corporation (Hong Kong) Co., Limited	Other related party
Member of the Board of Management, the Board of Directors, the Board of Supervisions, Chief Accountant and related individuals	Key management

(a) Transactions with related parties

Related party transactions, which were carried out in the normal course of the Group's business, are as follows:

	For the years ended 31 July			For the four months ended 30 November	
	2021	**2022**	**2023**	**2022**	**2023**
	USD	*USD*	*USD*	*USD*	*USD*
				(Unaudited)	
Purchase of goods					
V.S. Industry (ZhuHai) Co., Ltd	–	329,141	–	–	–
V.S. Corporation (Hong Kong) Co., Limited	–	48,067	–	–	–
	–	377,208	–	–	–
Purchases of fixed assets from the ultimate holding company	5,875,171	266,211	1,599,593	799,796	–
Disposals of property, plant and equipment to the ultimate holding company	1,400,000	–	–	–	–
Capital contribution by conversion from amounts due to the ultimate holding company *(Note 22)*	4,000,000	–	–	–	–
Technical service fee charged by the ultimate holding company	147,600	147,600	147,600	49,200	49,200
Commission fee charged by the ultimate holding company *(Note (i)) (Note 8)*	1,075,608	900,300	256,115	240,732	288,721
	1,223,208	1,047,900	403,715	289,932	337,921
Interest expenses on borrowings from a director *(Note 9)*	150,546	155,329	148,469	50,842	48,333
Key management personnel remuneration *(Note (ii)) (Note 12)*	335,333	338,672	339,210	113,168	113,377

The transactions described above were entered into at terms and prices mutually agreed between the relevant parties.

Note (i) The Group entered an agreement with the ultimate holding company to authorise them to sell products on behalf of the Group and would compensate the ultimate holding company amounted to 5% of yearly sales for sales under USD30,000,000 and an incremental 3% of yearly sales for sales above USD30,000,000. In December 2022, the ultimate holding company agreed to offer an one-off reduction of USD643,659 in respect of the commission fee.

Note (ii) The Group has not identified any person, other than the directors of the Company, having the authority and responsibility for planning, directing and controlling the activities of the Group. Details of the remuneration of the directors of the Company are set out in Note 12.

(b) Amounts due to related parties

The amounts due to related parties are interest-free and unsecured.

The carrying amounts of the amounts due to related parties are denominated in USD.

(c) Borrowings from a director

As at 31 July 2021, 31 July 2022, 31 July 2023 and 30 November 2023, borrowings from a director were unsecured, interest-bearing at the rate of 5% per annum and due for repayment from 31 January 2022 to 31 December 2023; 31 January 2023 to 31 December 2024; 31 December 2023 to 31 December 2025; 31 December 2023 to 31 December 2025 respectively. The carrying amount of the borrowings from a director approximated their fair value.

The borrowings from a director are denominated in USD.

25 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

a) Cash generated from operations

		For the years ended 31 July			For the four months ended 30 November	
		2021	**2022**	**2023**	**2022**	**2023**
		USD	*USD*	*USD*	*USD* (Unaudited)	*USD*
(Loss)/profit before income tax		**(502,914)**	**2,814,390**	**3,463,007**	**1,400,247**	**1,720,149**
Adjustments for:						
– Finance costs	9	1,395,532	1,672,381	1,852,964	636,245	459,669
– Interest income	9	(21,050)	(56,347)	(92,869)	(32,156)	(13,392)
– Depreciation of property, plant and equipment	8	2,218,086	2,468,968	2,691,151	857,531	934,484
– Amortisation on intangible assets	8	16,707	18,165	6,122	2,738	1,869
– Depreciation of right-of-use assets	8	385,258	400,194	588,755	196,850	194,180
– Loss/(gain) on disposal of property, plant and equipment and right-of-use assets	7	50	(159,713)	–	–	(36,483)
– Net foreign exchange (gains)/ loss, net	7	(69,194)	(172,976)	(130,552)	(298,782)	(221,314)
– Provision/(reversal of provision) for impairment of inventories	8	134,353	(66,293)	(71,287)	(76,581)	3,271
		3,556,828	6,918,769	8,307,291	2,686,092	3,042,433

	For the years ended 31 July			For the four months ended 30 November	
	2021	2022	2023	2022	2023
	USD	*USD*	*USD*	*USD*	*USD*
				(Unaudited)	
Changes in working capital:					
Inventories	(12,054,782)	866,853	8,098,109	4,627,088	(1,661,785)
Trade and other receivables	(2,340,749)	(1,912,593)	3,652,041	820,957	484,825
Amounts due to related parties	526,904	72,600	(539,449)	(797,408)	15,995
Trade payables, other payables and accruals	10,684,711	(1,571,402)	(3,035,850)	(2,269,105)	965,666
Contract liabilities	3,833,753	(463,357)	(2,762,400)	(2,010,168)	(16,369)
Cash generated from operations	**4,206,665**	**3,910,870**	**13,719,742**	**3,057,456**	**2,830,765**

b) Loss/(gain) on disposals of property, plant and equipment and right-of-use assets is arrived at as follows:

	For the years ended 31 July			For the four months ended 30 November	
	2021	2022	2023	2022	2023
	USD	*USD*	*USD*	*USD*	*USD*
				(Unaudited)	
Net book amount	13,898	42,375	–	–	18,756
Proceeds received	(13,848)	(202,088)			(55,239)
Loss/(gain) on disposals	50	(159,713)	–	–	(36,483)

c) Liabilities from financing activities:

	Bank borrowings *USD*	Borrowings from a director *USD*	Lease liabilities *USD*	Total *USD*
As at 1 August 2020 (unaudited)	**13,396,832**	**2,967,125**	**2,252,400**	**18,616,357**
Net cash flows – financing activities	8,294,458	–	(449,710)	7,844,748
Additions	–	–	615,716	615,716
Exchange difference	7,959	–	39,945	47,904
Interest expense	1,016,958	150,546	228,028	1,395,532
Interest payments	(976,259)	(81,282)	(228,028)	(1,285,569)
As at 31 July 2021	**21,739,948**	**3,036,389**	**2,458,351**	**27,234,688**
As at 1 August 2021	**21,739,948**	**3,036,389**	**2,458,351**	**27,234,688**
Net cash flows – financing activities	2,640,891	–	(427,978)	2,212,913
Additions	–	–	1,050,141	1,050,141
Exchange difference	(7,387)	–	(3,712)	(11,099)
Interest expense	1,202,408	155,329	221,244	1,578,981
Interest payments	(1,211,339)	(224,593)	(221,244)	(1,657,176)
As at 31 July 2022	**24,364,521**	**2,967,125**	**3,076,802**	**30,408,448**
As at 1 August 2022	**24,364,521**	**2,967,125**	**3,076,802**	**30,408,448**
Net cash flows – financing activities	(7,998,887)	(150,000)	(568,146)	(8,717,033)
Exchange difference	(17,440)	–	(9,046)	(26,486)
Interest expense	1,332,277	148,469	269,694	1,750,440
Interest payments	(1,376,282)	(148,469)	(269,694)	(1,794,445)
As at 31 July 2023	**16,304,189**	**2,817,125**	**2,499,610**	**21,620,924**

	Bank borrowings	Borrowings from a director	Lease liabilities	Total
	USD	*USD*	*USD*	*USD*
As at 1 August 2022	**24,364,521**	**2,967,125**	**3,076,802**	**30,408,448**
Net cash flows – financing activities (unaudited)	(651,200)	–	(176,510)	(827,710)
Exchange difference (unaudited)	(26,843)	–	(129,898)	(156,741)
Interest expense (unaudited)	458,456	50,842	94,410	603,708
Interest payments (unaudited)	(495,088)	(50,842)	(94,410)	(640,340)
As at 30 November 2022 (unaudited)	**23,649,846**	**2,967,125**	**2,770,394**	**29,387,365**

	Bank borrowings	Borrowings from a director	Lease liabilities	Total
	USD	*USD*	*USD*	*USD*
As at 1 August 2023	**16,304,189**	**2,817,125**	**2,499,610**	**21,620,924**
Net cash flows – financing activities	(3,140,966)	–	(198,561)	(3,339,527)
Exchange difference	(3,889)	–	(42,350)	(46,239)
Interest expense	341,321	48,333	80,250	469,904
Interest payments	(339,498)	(48,333)	(80,250)	(468,081)
As at 30 November 2023	**13,161,157**	**2,817,125**	**2,258,699**	**18,236,981**

26 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 July			As at 30 November
	2021	2022	2023	2023
	USD	*USD*	*USD*	*USD*
Assets				
Financial assets at amortised cost				
– Trade and other receivables	8,013,967	9,778,651	6,354,301	5,759,290
– Cash and cash equivalents	4,302,127	5,592,235	6,655,625	4,875,189
– Short-term bank deposits	3,255,981	4,279,747	2,713,196	2,993,481
	15,572,075	**19,650,633**	**15,723,122**	**13,627,960**
Liabilities				
Liabilities at amortised cost				
– Trade and other payables	12,618,810	12,167,705	7,345,963	10,251,378
– Amounts due to related companies	724,808	797,408	516,529	446,602
– Borrowings from banks	21,739,948	24,364,521	16,304,189	13,161,157
– Borrowings from a director	3,036,389	2,967,125	2,817,125	2,817,125
– Lease liabilities	2,458,351	3,076,802	2,499,610	2,258,699
	40,578,306	**43,373,561**	**29,483,416**	**28,934,961**

27 COMMITMENT

Capital expenditure contracted for at the statement of financial position date but not recognised in the financial statements was as follows:

	As at 31 July			As at 30 November
	2021	2022	2023	2023
	USD	*USD*	*USD*	*USD*
Property, plant and equipment	567,695	42,026	–	123,755

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Company or any of its subsidiary have been prepared in respect of any period subsequent to 30 November 2023.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP

Set out below is the management discussion and analysis of the Target Group for each of the three years ended 31 July 2023 and the four months ended 30 November 2023 (the "**Reporting Period**"). The following financial information is based on the accountant's report of the Target Company set out in Appendix II to this circular.

A. BUSINESS OVERVIEW

The Target Group is principally engaged in (i) the manufacturing and sale of plastic moulded products and parts ("**Plastic Injection and Moulding**"); (ii) assembling of electronic products ("**Assembling of Electronic Products**") and (iii) moulds design and fabrication ("**Mould Design and Fabrication**").

Please refer to the section headed "VII. Information on the Target Group" of the Letter from the Board in this circular for further details.

B. FINANCIAL OVERVIEW

Revenue

For the year ended 31 July 2021, the Target Group recorded revenue of approximately US$61.24 million, which was mainly derived from Plastic Injection and Moulding, accounting for approximately US$35.88 million and representing approximately 58.58% of the revenue.

For the year ended 31 July 2022, the Target Group recorded revenue of approximately US$80.17 million, representing an increase of approximately US$18.93 million or 30.91% compared to that for the year ended 31 July 2021. The increase was mainly attributable to the increase in revenue derived from Assembling of Electronic Products, representing an increase of approximately US$16.72 million or 71.48%. The increase in revenue derived from Assembling of Electronic Products was primarily due to (i) the increase in additional transportation fee charged to a customer resulting from the disruption brought by COVID-19 and the shortage of containers; and (ii) the increase in sales derived from customers located in the USA, which began to shift part of their supply chains from the PRC to Vietnam to "de-risk" their exposures as to the geopolitical tensions, contributing to the business growth of the Target Group.

For the year ended 31 July 2023, the Target Group recorded revenue of approximately US$59.26 million, representing a decrease of approximately US$20.90 million or 26.08% compared to that for the year ended 31 July 2022. The decrease was mainly attributable to (i) the decrease in revenue derived from Plastic Injection and Moulding, representing an decrease of approximately US$11.22 million or 30.63%, which was mainly due to the Target Group's business strategy to improve product mix by gradually phasing out products with low profit margin and the decrease in sales orders placed by a customer which stocked up inventories in 2022 as a precautionary measure to avoid disruption caused by COVID-19; and (ii) the decrease in revenue derived from Assembling of Electronic Products, representing a decrease of approximately US$8.69 million or 21.67%, which was mainly due to reduction in additional transportation fee charged to a customer due to the ease of COVID-19.

For the four months ended 30 November 2023, the Target Group recorded revenue of approximately US$16.00 million, representing a decrease of approximately US$7.12 million or 30.78% compared to that for the four months ended 30 November 2023. The decrease was mainly attributable to (i) the decrease in revenue derived from Plastic Injection and Moulding, representing a decrease of approximately US$3.65 million or 36.97%, which was mainly due to the Target Group's business strategy to improve product mix by phasing out products with low profit margin; and (ii) the decrease in revenue derived from Assembling of Electronic Products, representing a decrease of approximately US$2.80 million or 23.21%, which was mainly due to nil additional transportation fee charged to the customer resulting from the ease of COVID-19 and the change of delivery terms from DAP (delivery at place) to FOB (Free on Board) with such customer during the four months ended 30 November 2023.

Gross profit

The gross profit of the Target Group for each of the financial years ended 31 July 2021, 2022 and 2023 and the four months ended 30 November 2023 was approximately US$3.84 million, US$6.99 million, US$7.23 million and US$2.83 million respectively, representing approximately 6.28%, 8.72%, 12.21% and 17.67% of the revenue in the corresponding year or period respectively.

Other income

For each of the financial years ended 31 July 2021, 2022 and 2023 and the four months ended 30 November 2023, the Target Group recorded other income of approximately US$48,000, US$70,000, US$29,000 and US$2,000 respectively, which mainly comprised sundry income, which is mainly the income from rendering of overtime services for tool repairing, testing and sorting for a certain customer. The increase in other income for the year ended 31 July 2022 was mainly due to the increase in overtime work for such customer for testing and sorting due to the disruption caused by COVID-19. As the Target Group gradually phased out the production for such customer in 2023 to improve its product mix, there was a decrease in other income for the year ended 31 July 2023 and the four months ended 30 November 2023.

Other gains, net

For each of the financial years ended 31 July 2021, 2022 and 2023 and the four months ended 30 November 2023, the Target Group recorded other net gains of approximately US$78,000, US$333,000, US$131,000 and US$258,000 respectively. Fluctuations in other net gains were mainly due to the fluctuations in net foreign exchange gains and net gains on disposals of property, plant and equipment and right-of-use assets.

Administrative expenses

For each of the financial years ended 31 July 2021, 2022 and 2023 and the four months ended 30 November 2023, the Target Group recorded administrative expenses of approximately US$1.87 million, US$1.89 million, US$1.77 million and US$0.58 million respectively, which mainly comprised salary related expenses.

Selling expenses

For each of the financial years ended 31 July 2021, 2022 and 2023 and the four months ended 30 November 2023, the Target Group recorded selling expenses of approximately US$1.23 million, US$1.08 million, US$0.40 million and US$0.34 million respectively, which mainly comprised commission and rebate.

Finance income

For each of the financial years ended 31 July 2021, 2022 and 2023 and the four months ended 30 November 2023, the Target Group recorded finance income of approximately US$21,000, US$56,000, US$93,000 and US$13,000 respectively, which represented bank interest income.

Finance costs

For each of the financial years ended 31 July 2021, 2022 and 2023 and the four months ended 30 November 2023, the Target Group recorded finance costs of approximately US$1.40 million, US$1.67 million, US$1.85 million and US$0.46 million respectively, which mainly comprised interest expenses on borrowings from banks.

Income tax credit/charge

The Target Group recorded income tax credit of approximately US$506,000 for the year ended 31 July 2021. For each of the financial years ended 31 July 2022 and 2023 and the four months ended 30 November 2023, the Target Group recorded income tax charge of approximately US$247,000, US$410,000 and US$180,000 respectively.

Profit for the year/period

For each of the financial years ended 31 July 2021, 2022 and 2023 and the four months ended 30 November 2023, the Target Group recorded profit after tax of approximately US$3,000, US$2.57 million, US$3.05 million and US$1.54 million respectively, which is in line with the increase in gross profit partly due to the Target Group's business strategy to improve product mix and profit margin.

Liquidity, financial resources and capital structure

For the financial years ended 31 July 2021, 2022 and 2023 and the four months ended 30 November 2023, the Target Group financed its operations mainly by means of internally generated operating cash flow, borrowings from banks and loans from a director. As at 31 July 2021, 2022, 2023 and 30 November 2023, the Target Group had cash and cash equivalents of approximately US$4.30 million, US$5.59 million, US$6.66 million and US$4.88 million respectively, and short-term bank deposits of approximately US$3.26 million, US$4.28 million, US$2.71 million and US$2.99 million respectively.

The Target Group's capital structure is summarised as follows:

	As at 31 July			As at 30 November
	2021	**2022**	**2023**	**2023**
	USD	*USD*	*USD*	*USD*
Borrowings from banks	21,739,948	24,364,521	16,304,189	13,161,157
Borrowings from a director	3,036,389	2,967,125	2,817,125	2,817,125
Lease liabilities	2,458,351	3,076,802	2,499,610	2,258,699
Less: cash and cash equivalents and short-term bank deposits	(7,558,108)	(9,871,982)	(9,368,821)	(7,868,670)
Net debts	19,676,580	20,536,466	12,252,103	10,368,311
Total equity	10,608,949	13,176,353	16,228,983	17,768,697
Total capital	30,285,529	33,712,819	28,481,086	28,137,008
Gearing ratio	65.0%	60.9%	43.0%	36.8%

The gearing ratio is calculated as the Target Group's net debts at the end of the financial year/period divided by total capital at the end of the financial year/period.

Charge on assets

Borrowings from banks were secured by the Target Group's assets including current and non-current assets. As at 31 July 2021, 31 July 2022, 31 July 2023 and 30 November 2023, total assets pledged as security amounted to approximately US$19.81 million, US$41.19 million, US$32.15 million and US$31.45 million respectively. Current assets pledged included inventories, trade receivables and short-term bank deposits and non-current assets pledged included property, plant and equipment and right-of-use assets.

Contingent liabilities

As at 31 July 2021, 31 July 2022, 31 July 2023 and 30 November 2023, the Target Group had no material contingent liabilities.

Foreign exchange exposure

The Target Group mainly operates in Vietnam and most of the transactions are settled in United States dollars. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Target Group's functional currency. The Target Group is exposed to foreign exchange risk from various currency exposures, primarily with respect to Vietnamese Dong.

As at the Latest Practicable Date, the Target Group does not have a foreign currency hedging policy. However, the management of the Target Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Significant investment, material acquisitions and disposals

The Target Group did not have any significant investments, acquisitions or disposals of its subsidiaries and associated companies during the financial years ended 31 July 2021, 2022 and 2023 and the four months ended 30 November 2023.

Employees and remuneration policies

As at 30 November 2023, the Target Group had a total of approximately 1,000 employees. The Target 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 Target Group's employees are rewarded in tandem with their performance and experience. The Target 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 Target Group.

Prospects

Going forward, it is expected that there will be more favourable government policies to promote the economic growth in Vietnam in the future to achieve the government's goal of becoming a high-income economy. Moreover, with Vietnam becoming a major beneficiary of manufacturers' efforts to "de-risk" their exposure as to geopolitical tensions and enjoying foreign trade opportunities and lower labour costs, it is expected that the business and financial performance of the Target Group will further improve.

Future plan for material investment or capital assets

As at the Latest Practicable Date, the Target Group does not have any concrete future plan for material investments or capital assets.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

INTRODUCTION

The following is an illustrative unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated statement of comprehensive income, and unaudited pro forma consolidated statement of cash flows (the "**Unaudited Pro Forma Financial Information**") of V.S. International Group Limited (the "**Company**") and its subsidiaries (the "**Group**") and VS Industry Vietnam Joint Stock Company (the "**Target Company**") and its subsidiary (the "**Target Group**") (hereinafter collectively referred to as the "**Enlarged Group**") which have been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the proposed acquisition by the Group of the Target Group (the "**Transaction**") as if it had taken place on 31 January 2024 for the unaudited pro forma consolidated statement of financial position and as if it had taken place on 1 August 2022 for the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows.

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Transaction been completed on 31 January 2024 and the comprehensive income and cash flows of the Enlarged Group had the Transaction been completed on 1 August 2022, or any future dates.

The Unaudited Pro Forma Financial Information has been prepared based on the unaudited condensed interim consolidated statement of financial position of the Group as at 31 January 2024, which has been extracted from the Group's published interim report, the audited consolidated statement of comprehensive income and audited consolidated statement of cash flows of the Group for the year ended 31 July 2023, which has been extracted from the Group's published annual report; and the consolidated balance sheet as at 30 November 2023, consolidated statement of and comprehensive income and consolidated statement of cash flows for the year ended 31 July 2023 of the Target Group, which has been derived from the historical financial information included in the accountant's report as set out in Appendix II to this circular.

The Unaudited Pro Forma Financial Information has been prepared under accounting policies consistent with those of the Group as set out in the published annual report of the Company for the year ended 31 July 2023.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group and the historical financial information of the Target Group as set out in Appendix II to this circular and other financial information included elsewhere in this circular.

Unaudited pro forma consolidated statement of financial information

	Unaudited condensed interim consolidated statement of financial position of the Group as at 31 January 2024	Consolidated statement of financial position of the Target Group as at 30 November 2023	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma consolidated statement of financial position of the Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 2*	*Note 3(a)*	*Note 3(b)*	*Note 3(c)*	*Note 4*	
ASSETS							
Non-current assets							
Property, plant and equipment	179,761	142,844	–	26,494	–	–	349,099
Intangible assets	–	217	–	–	–	–	217
Right-of-use assets	12,777	20,656	–	22,797	–	–	56,230
Financial asset at fair value through other comprehensive income	2,300	–	–	–	–	–	2,300
Prepayment, deposits and other receivables	–	3,763	–	–	–	–	3,763
Deferred tax assets	–	5,747					5,747
Investment accounted for using the equity method	21,969	–	5,890	–	(27,859)	–	–
	216,807	173,227	5,890	49,291	(27,859)	–	417,356
Current assets							
Inventories	–	71,254	–	–	–	–	71,254
Trade and other receivables, deposits and prepayments	15,722	45,984	–	–	–	–	61,706
Amounts due from related parties	188	–	–	–	–	–	188
Bank deposits	–	21,361	–	–	–	–	21,361
Cash and cash equivalents	77,770	34,789	–	–	(10,811)	(4,200)	97,548
	93,680	173,388	–	–	(10,811)	(4,200)	252,057
Total assets	310,487	346,615	5,890	49,291	(38,670)	(4,200)	669,413
EQUITY							
Capital and reserves							
Share capital	105,013	151,934	–	–	(142,764)	–	114,183
Reserve	168,110	(25,137)	5,890	39,433	40,976	(4,200)	225,072
Non-controlling interest	–	–	–	–	63,118	–	63,118
Total equity	273,123	126,797	5,890	39,433	(38,670)	(4,200)	402,373

	Unaudited condensed interim consolidated statement of financial position of the Group as at 31 January 2024	Consolidated statement of financial position of the Target Group as at 30 November 2023	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma consolidated statement of financial position of the Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 2*	*Note 3(a)*	*Note 3(b)*	*Note 3(c)*	*Note 4*	
LIABILITIES							
Non-current liabilities							
Loans from a director	–	10,889	–	–	–	–	10,889
Deferred income tax liabilities	781	–	–	9,858	–	–	10,639
Long-term trade accounts payables	–	8,119	–	–	–	–	8,119
Amount due to holding companies	–	1,232	–	–	–	–	1,232
Long-term borrowings	–	720	–	–	–	–	720
Lease liabilities	–	11,059	–	–	–	–	11,059
	781	32,019	–	9,858	–	–	42,658
Current liabilities							
Trade and other payables	6,385	73,641	–	–	–	–	80,026
Loans from a director	29,740	9,214	–	–	–	–	38,954
Amounts due to related parties	458	1,955	–	–	–	–	2,413
Tax payables	–	510	–	–	–	–	510
Contract liabilities	–	4,222	–	–	–	–	4,222
Borrowings	–	93,198	–	–	–	–	93,198
Lease liabilities	–	5,059	–	–	–	–	5,059
	36,583	187,799	–	–	–	–	224,382
Total liabilities	37,364	219,818	–	9,858	–	–	267,040
Total equity and liabilities	310,487	346,615	5,890	49,291	(38,670)	(4,200)	669,413

Unaudited proforma consolidated statement of comprehensive income

	Audited consolidated statement of comprehensive income of the Group for the year ended 31 July 2023	Audited consolidated statement of comprehensive income of the Target Group for the year ended 31 July 2023	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma consolidated statement of comprehensive income of the Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 2*	*Note 3(a)*	*Note 3(b)*	*Note 3(c)*	*Note 4*	*Note 5*	
Revenue	76,443	416,116	–	–	–	–	–	492,559
Cost of sales	(64,932)	(365,328)	–	(6,161)	–	–	–	(436,421)
Gross profit	11,511	50,788	–	(6,161)	–	–	–	56,138
Other income	4,517	203	–	–	–	–	–	4,720
Other gains/(losses) – net	(9,337)	917	5,890	–	48,121	–	–	45,591
Distribution costs	(1,659)	(2,823)	–	–	–	–	–	(4,482)
General and administrative expenses	(28,789)	(12,411)	–	–	–	(4,200)	–	(45,400)
Net impairment losses on financial assets	(27)	–	–	–	–	–	–	(27)
Operating loss	(23,784)	36,674	5,890	(6,161)	48,121	(4,200)	–	56,540
Finance income	921	652	–	–	–	–	–	1,573
Finance costs	(1,831)	(13,010)	–	–	–	–	–	(14,841)
Finance costs – net	(910)	(12,358)	–	–	–	–	–	(13,268)
Share of net profit of an associate accounted for using the equity method	2,402	–	–	–	–	–	(2,402)	–
(Loss)/profit before income tax	(22,292)	24,316	5,890	(6,161)	48,121	(4,200)	(2,402)	43,272
Income tax expense	(28)	(2,881)	–	1,232	–	–	–	(1,677)
(Loss)/profit for the year	(22,320)	21,435	5,890	(4,929)	48,121	(4,200)	(2,402)	41,595
Other comprehensive income	(333)	570	–	–	–	–	–	237
Total comprehensive income/(loss) for the year	(22,653)	22,005	5,890	(4,929)	48,121	(4,200)	(2,402)	41,832
(Loss)/profit attributable to:								
Owners of the Company	(22,320)	21,435	5,890	(3,058)	48,121	(4,200)	(10,541)	35,327
Non-controlling interest	–	–	–	(1,871)	–	–	8,139	6,268
	(22,320)	21,435	5,890	(4,929)	48,121	(4,200)	(2,402)	41,595
Total comprehensive (loss)/income attributable to:								
Owners of the Company	(22,653)	22,005	5,890	(3,058)	48,121	(4,200)	(10,757)	35,348
Non-controlling interest	–	–	–	(1,871)	–	–	8,355	6,484
	(22,653)	22,005	5,890	(4,929)	48,121	(4,200)	(2,402)	41,832

Unaudited pro forma consolidated statement of cash flows

	Audited consolidated statement of cash flows of the Group for the year ended 31 July 2023	Audited consolidated statement of cash flows of the Target Group for the year ended 31 July 2023	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma consolidated statement of cash flow of the Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 2*	*Note 3(c)*	*Note 4*	
Cash flows from operating activities					
Cash generated from operations	13,683	96,330	–	(4,200)	105,813
Income tax paid	(116)	–	–	–	(116)
Net cash generated from operating activities	13,567	96,330	–	(4,200)	105,697
Cash flows from investing activities					
Payments for the purchase of property, plant and equipment	–	(26,385)	–	–	(26,385)
Proceeds from sale of property, plant and equipment	2,671	–	–	–	2,671
Interest received	921	607	–	–	1,528
Loans granted, purchases of debt instruments of other entities	–	(9,830)	–	–	(9,830)
Collection of loans, proceeds from sales of debt instruments of other entities	–	21,034	–	–	21,034
Acquisition of subsidiaries, net of cash and cash equivalent acquired	–	–	29,146	–	29,146
Net cash generated from investing activities	3,592	(14,574)	29,146	–	18,164

	Audited consolidated statement of cash flows of the Group for the year ended 31 July 2023	Audited consolidated statement of cash flows of the Target Group for the year ended 31 July 2023	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma consolidated statement of cash flow of the Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 2*	*Note 3(c)*	*Note 4*	
Cash flows from financing activities					
Decrease in loans from a director	(4,477)	(1,053)	–	–	(5,530)
Proceeds from bank loans	–	305,994	–	–	305,994
Repayment of bank loans	–	(362,156)	–	–	(362,156)
Decrease in restricted bank balances	6,000	–	–	–	6,000
Principal elements of lease payments	–	(3,989)	–	–	(3,989)
Interest expenses	(1,831)	(12,599)	–	–	(14,430)
Net cash used in financing activities	(308)	(73,803)	–	–	(74,111)
Net increase in cash and cash equivalents	16,851	7,953	29,146	(4,200)	49,750
Cash and cash equivalents at beginning of the year	68,606	39,957	(39,957)	–	68,606
Effects of exchange rate changes on cash and cash equivalents	–	(1,179)	–	–	(1,179)
Cash and cash equivalents at end of the year	85,457	46,731	(10,811)	(4,200)	117,117

The exchange rates set out below have been used in the preparation of the adjustment unless specified in the note.

US$1 = RMB7.1360
HKD 1 = RMB0.9009

Note 1:

The amounts are extracted from the unaudited condensed interim consolidated statement of financial position of the Group as at 31 January 2024 as set out in the published interim report of the Group for the six months ended 31 January 2024 and the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 July 2023 as set out in the published annual report of the Group for the year ended 31 July 2023.

Note 2:

The amounts are extracted from the consolidated balance sheet of the Target Group as at 30 November 2023 and the consolidated statement of comprehensive income and the consolidated statement of cash flows of the Target Group for the year 31 July 2023 as set out in Appendix II to this circular.

The functional currency and the presentation currency of the Target Group are United States Dollar ("**USD**"). For the purpose of the unaudited pro forma consolidated statement of financial position, the balances denominated in USD have been translated into Renminbi ("**RMB**") at US$1 to RMB7.1360, the exchange rate prevailing as at 30 November 2023. For the purpose of the unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows, the amounts denominated in USD have been translated into RMB at US$1 to RMB7.0213, the average exchange rate prevailing for the year ended 31 July 2023.

Note 3:

Upon the completion of the Transaction, the Target Group will become indirectly held non-wholly-owned subsidiaries of the Company. The identifiable assets and liabilities of the Target Group will be accounted for by the Group at their fair values in accordance with Hong Kong Financial Reporting Standard ("**HKFRS**") 3 (Revised) "Business Combination".

(a) The adjustment represents the remeasurement of the previously held equity interest in the Target Group by the Group at the acquisition date with reference to the fair value as at 30 November 2023 prepared by Roma Appraisals Limited (the "**Valuer**"), an independent valuer engaged by the Company, and recognised the resulting gain in profit or loss.

(b) The adjustment represents the fair value adjustment of identified assets and corresponding impact to the deferred tax liabilities arising from purchase price allocation upon completion of the Transaction made by the directors of the Company, and by reference to the fair value as at 30 November 2023 prepared by the Valuer. Additional depreciation is charged to the profit or loss over their remaining useful life.

(c) The adjustment represents the elimination of the share capital and pre-acquisition reserves of the Target Group and recognition of non-controlling interests. The Transaction will result in the Group's interest in the Target Group which raises to 62.03%. As a result, the assets and liabilities of the Target Group will be consolidated into the consolidated statement of financial position of the Group. Gain on bargain purchase arising on the date of acquisition of the Target Group is calculated as follows:

	RMB'000
Fair value of the identifiable net assets of the Target Group	166,231
Less: Non-controlling interest	(63,118)
	103,113
Cash paid *(note i)*	10,811
Consideration shares – share capital portion *(note ii)*	9,170
Consideration shares – share premium portion *(note ii)*	7,152
Fair value of the previously held interests *(note iii)*	27,859
Total consideration	54,992
Gain on bargain purchase *(note iv)*	48,121

(i) The cashflow for acquisition amounted to RMB29,146,000, in the unaudited pro forma consolidated statement of cash flows, represents the cash and cash equivalents of RMB39,957,000 acquired at acquisition of the subsidiary, net of cash consideration of RMB10,811,000.

(ii) 203,571,429 shares are to be issued by the Company as consideration shares. The fair value of each consideration share is HK$0.089, referenced to the closing price on 31 January 2024, the difference to the par value of HK$0.05 is recognised as share premium.

(iii) The fair value of previously held equity interest represents the proportionated business value in the Target Group at the acquisition date with reference to the fair value as at 30 November 2023, after adjustment for discount for lack of control and marketability.

(iv) The gain on bargain purchase arising from the Transaction is credited to profit or loss. Actual goodwill or gain on bargain purchase arising from the Transaction depend on fair value of net identifiable assets of the Target Group and the value of the consideration share at the completion date and shall be different from the amount calculated in the above table.

Note 4:

The adjustment represents the estimated transaction costs of approximately RMB4.2 million, which are mainly professional fees payable by the Group in connection with the Transaction.

Note 5:

The adjustment represents the elimination of share of net profit of an associate accounted for using the equity method upon the completion of the Transaction and the share of profit and comprehensive income to the non-controlling interests when the Target Group became indirectly held non-wholly-owned subsidiaries of the Company.

Note 6:

Apart from the Transaction, no other adjustments have been made to the Unaudited Pro Forma Financial Information of the Enlarged Group to reflect any trading results or other transactions of the Group or the Target Group entered into subsequent to 31 January 2024 or 30 November 2023, respectively.

Apart from the Transaction, no other adjustments have been made to the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement cash flows of the Enlarged Group to reflect any trading results or other transactions of the Group and the Target Group entered into subsequent to 31 July 2023.

Other than the adjustments relating to the additional depreciation and amortisation to be charged and the corresponding tax impact, the other adjustments are not expected to have continuing effect on the unaudited pro forma consolidated statement of comprehensive income.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report of PricewaterhouseCoopers, the independent reporting accountant, in respect of the unaudited pro forma financial information of the Enlarged Group as set out in this Appendix and prepared for the sole purpose of inclusion in this circular.

pwc 羅兵咸永道

To the Directors of V.S. International Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of V.S. International Group Limited (the "**Company**") and its subsidiaries (collectively the "**Group**"), and VS Industry Vietnam Joint Stock Company and its subsidiary (the "**Target Group**") (collectively the "**Enlarged Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 January 2024, the unaudited pro forma consolidated statement of comprehensive income for the year ended 31 July 2023 and the unaudited pro forma consolidated statement of cash flows for the year ended 31 July 2023, and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages IV-1 to IV-9 of the Company's circular dated 24 May 2024, in connection with the proposed acquisition of the Target Group (the "**Transaction**") by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages IV-1 to IV-9 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Transaction on the Group's financial position as at 31 January 2024 and the Group's financial performance and cash flows for the year ended 31 July 2023 as if the Transaction had taken place at 31 January 2024 and 1 August 2022 respectively. As part of this process, information about the Group's financial position as at 31 January 2024 has been extracted by the Directors from the Group's interim financial information for the six months ended 31 January 2024, on which no audit or review report has been published, while information about the Group's financial performance and cash flows for the year ended 31 July 2023 has been extracted by the Directors from the Group's financial statements for the year ended 31 July 2023, on which an audit report has been published.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong SAR, China
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7, *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("**AG 7**"), issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 31 January 2024 or 1 August 2022 respectively would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 24 May 2024

The following is the text of a report prepared for the purpose of incorporation in this circular received from Roma Appraisals Limited, an independent valuer, in connection with its valuation as at 31 March 2024 of all property interests of the Target Group.

Rooms 1101-4, 11/F., Harcourt House,
39 Gloucester Road, Wan Chai, Hong Kong
Tel (852) 2529 6878 Fax (852) 2529 6806
E-mail info@romagroup.com
http:// www.romagroup.com

24 May 2024

V.S. International Group Limited
40th Floor, Jardine House
1 Connaught Place
Central, Hong Kong

Dear Sir/Madam,

Re: Property Valuation of An Industrial Development Situated Located at Que Vo Industrial Park, Van Duong Ward, Bac Ninh City, Bac Ninh Province, Vietnam

In accordance with your instruction for us to valuation of the property held by VS Industry Vietnam Joint Stock Company (the "**Target Company**") and / or its subsidiary (together with the Target Company referred to as the "**Target Group**") in Vietnam, we confirm that we have carried out inspections made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 31 March 2024 (the "**Date of Valuation**") for the purpose of incorporation in the circular dated 24 May 2024.

1. BASIS OF VALUATION

Our valuation of the property is our opinion of the market value of the concerned property which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

2. VALUATION METHODOLOGY

Due to the specific purpose for the buildings and structures of the property, there are no readily identifiable market comparables. Thus the buildings and structures have been valued on the basis of their depreciated replacement costs instead of direct comparison method. The depreciated replacement cost ("**DRC**") approach is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the existing structures less deductions for physical deterioration and all relevant forms of obsolescence and optimization. In practice, DRC approach may be used as a substitute for the market value of specialized property, due to the lack of market comparables available. Our valuation do not necessarily represent the amount that might be realized from the disposition of the property and the DRC is subject to adequate profitability of the concerned business.

3. TITLE INVESTIGATION

For the property in the Vietnam, we have relied on the advice given by the Target Group that the Target Group has valid and enforceable title to the property which is freely transferable, and has free and uninterrupted right to use the same, for the whole of the unexpired term granted subject to the payment of annual government rent/land use fees and all requisite land premium/purchase consideration payable have been fully settled.

For the property in the Vietnam, we have been provided with copies of extracts of various title documents relating to the property. However, we have not searched the original documents to ascertain the existence of any amendments which do not appear on the copies handed to us. We have relied to a very considerable extent on information given by the Target Group's legal advisor, YKVN Law Firm regarding the title of the property in the Vietnam. All documents have been used for reference only.

We have also relied on the advice given by the Target Group that the current owner has valid and enforceable title to the property which is freely transferable, and have free and uninterrupted right to use the same, for the whole of the unexpired term granted subject to the payment of annual government rent/land use fees and all requisite land premium/purchase consideration payable have been fully settled.

4. VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the property in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of such property. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no allowance has been made for the property to be sold in one lot or to a single purchaser.

5. SOURCE OF INFORMATION

In the course of our valuation, we have relied to a very considerable extent on the information provided by the Target Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property, particulars of occupation, site/floor areas, ages of buildings and all other relevant matters which can affect the value of the property. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all the prices, charges, rental rates, etc., mentioned are exclusive of VAT.

6. VALUATION CONSIDERATION

We have inspected the exterior and, where possible, the interior of certain property. No structural survey has been made in respect of the property. However, in the course of our inspection, we did not note any serious defects. We are not able, however, to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the site/floor areas of the property under consideration but we have assumed that the site/floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Target Group and are therefore approximations.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Our valuations are prepared in compliance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and in accordance with the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

7. REMARKS

Unless otherwise stated, all monetary amounts stated in our valuations is in United States Dollars ("**USD**").

Our Valuation Certificate is attached.

Yours faithfully,
For and on behalf of
Roma Appraisals Limited

Frank F Wong
BA (Business Admin in Acct/Econ) MSc (Real Est)
MRICS Registered Valuer MAusIMM ACIPHE
Director, Head of Property and Asset Valuation

Note: Mr. Frank F Wong is a Chartered Surveyor, Registered Valuer, Member of the Australasian Institute of Mining & Metallurgy and Associate of Chartered Institute of Plumbing and Heating Engineering. He has over 25 years' valuation, transaction advisory and project consultancy of properties experience in Hong Kong and over 17 years' experience in valuation of properties in China as well as relevant experience in the Asia-Pacific region, Australia and Oceania-Papua New Guinea, France, Germany, Austria, Czech Republic, Poland, United Kingdom, United States, Abu Dhabi (UAE) and Jordan.

VALUATION CERTIFICATE

Property held by the Target Group for owner occupation in Vietnam

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2024
An industrial development situated located at Lot C1 & C2, Que Vo Industrial Park, Van Duong Ward, Bac Ninh City, Bac Ninh Province, Vietnam	As advised by the Target Group, the property comprises a portion of land with site area of about 26,147 sq.m. with an industrial development including workshops and ancillary office facilities completed between 2005 and 2006 erected thereon. The property has a total gross floor area ("**GFA**") of approximately 24,805.36 sq.m. The GFA breakdown of the respective portions of the Property is as follows:-	As advised by the Target Group, the property is owner occupied for industrial use.	USD13,790,000

Factory No.	No. of Storey	GFA (sq.m.)
Office House No. 1	3	2,889.30
Manufacturing Workshop No. 2	1	8,168.57
Manufacturing Workshop No. 3	1	13,747.49
	Total:	24,805.36

The land parcels are held under leasehold title for industrial purpose, with a term expiring on 19 December 2052.

Notes:

1. Pursuant to 2 Real Estate Title Certificates A0 399556 and A0 399562, the land use rights of the 2 land parcels of the property with total site area of 26,147 sq.m and total GFA 24,805.36 sq.m are held by the Target Company dated 6 January 2009 issued by The People Committee of Bac Ninh Province.

2. Pursuant to a Certificate of Ownership of Construction Works No. 272560931400103, issued by the Bac Ninh IZA on 3 July 2009, the ownership of the property with a total gross floor area of 24,805.36 sq.m. is held by the Target Company.

3. The subject property is located near to the center of Bac Ninh City and Ha Noi City. It is around 574 meters to the National Highway 18 and 2.7 kilometers to National Highway 1A (Ha Noi – Bac Giang Highway). It has a favorable transportation, good living and business environment.

4. The site inspection was performed by Ms. Wai Kwan Lam, Gloria, BSc (Hons) in Surveying, with about 4 years property valuation experience in May 2024.

5. We have been provided with a legal opinion on the title to the property issued by the Target Group's legal advisers, which contains, inter alia, the following information:

   a. Land use right of a land lot at Lot C1, Que Vo Industrial Zone, Van Duong Ward, Bac Ninh City, Bac Ninh Province, Vietnam, sub-leased from the owner of Que Vo Industrial Zone (Kinhbac City Development Holding Corporation), as recorded in LURC No. A0 399556 with land area 14,747 sq.m. issued by the Bac Ninh PC on 6 January 2009;

   b. Land use right of a land lot at Lot C2, Que Vo Industrial Zone, Van Duong Ward, Bac Ninh City, Bac Ninh Province, Vietnam, sub-leased from the owner of Que Vo Industrial Zone (Kinhbac City Development Holding Corporation), as recorded in LURC No. A0 399562 with land area 11,400 sq.m. issued by the Bac Ninh PC on 6 January 2009;

   c. Office building No. 1 at Lot C2, Que Vo Industrial Zone, Van Duong Ward, Bac Ninh City, Bac Ninh Province, Vietnam, as recorded in the Certificate of Ownership of Construction Works No. 272560931400103 with GFA 2,889.3 sq.m. issued by the Bac Ninh IZA on 3 July 2009;

   d. Manufacturing workshop No. 2 at Lot C2, Que Vo Industrial Zone, Van Duong Ward, Bac Ninh City, Bac Ninh Province, Vietnam, as recorded in the Certificate of Ownership of Construction Works No. 272560931400103 with GFA 8,168.57 sq.m. issued by the Bac Ninh IZA on 3 July 2009;

   e. Manufacturing workshop No. 3 at Lot C1, Que Vo Industrial Zone, Van Duong Ward, Bac Ninh City, Bac Ninh Province, Vietnam, as recorded in the Certificate of Ownership of Construction Works No. 272560931400103 GFA 13,747.49 sq.m. issued by the Bac Ninh IZA on 3 July 2009; and

   f. Office Building No. 1, Manufacturing Workshop No. 2, and Manufacturing Workshop No. 3, as mentioned above, are mortgaged to United Overseas Bank (Vietnam) Limited – Hanoi Branch ("**UOB**") under Mortgage Agreement No. UOB/HNI/MA/PRO-21282 dated August 30, 2023.

The following is the text of a report dated 24 May 2024 prepared for the purpose of incorporation into this circular received from Roma Appraisals Limited in connection with its opinion on the market value of 43.29% equity interest in the Target Group as at 30 November 2023.

ROMA

Rooms 1101-4, 11/F Harcourt House,
39 Gloucester Road, Wan Chai, Hong Kong
Tel (852) 2529 6878 Fax (852) 2529 6806
E-mail info@romagroup.com
http://www.romagroup.com

24 May 2024

V.S. International Group Limited
40th Floor, Jardine House,
1 Connaught Place,
Central, Hong Kong

Case Ref: KY/ATBVRE9046/DEC23/FW

Dear Sir/Madam,

Re: Business valuation for V.S. International Group Limited

In accordance with the instructions from V.S. International Group Limited (hereinafter referred to as the "**Company**") to us to conduct a valuation of VS Industry Vietnam Joint Stock Company and its subsidiary VS Technology Company Limited (hereinafter referred to as the "**Target Group**"), we are pleased to report that we have made relevant enquiries and obtained other information which we considered relevant for the purpose of providing you with our opinion of the Target Group as at 30 November 2023 (hereinafter referred to as the "**Date of Valuation**").

This report states the purpose of valuation, scope of work, economic overview, industry overview, overview of the Target Group, basis of valuation, investigation, valuation methodology, major assumptions, information reviewed, limiting conditions and remarks, and presents our opinion of value.

1. PURPOSE OF VALUATION

This report is prepared solely for the use of the directors and management of the Company. In addition, Roma Appraisals Limited (hereinafter referred to as "**Roma Appraisals**") acknowledges that this report may be made available to the Company for public documentation purpose only.

Roma Appraisals assumes no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely at their own risk.

2. SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and the information provided by management of the Company, management of the Target Group and/or their representative(s) (together referred to as the "**Management**").

In preparing this report, we have had discussions with the Management in relation to the development, operations and other relevant information of the Target Group. In arriving at our opinion of value, we have relied on the completeness, accuracy and representation of operational, financial and other pertinent data and information of the Target Group as provided by the Management to a considerable extent.

We have no reason to believe that any material facts have been withheld from us. However, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

In applying these projections to the valuation of the Target Group, we are making no representation that the business expansion will be successful, or that market growth and penetration will be realized. In case of any change in the assumptions and projections, our opinion of value may vary materially.

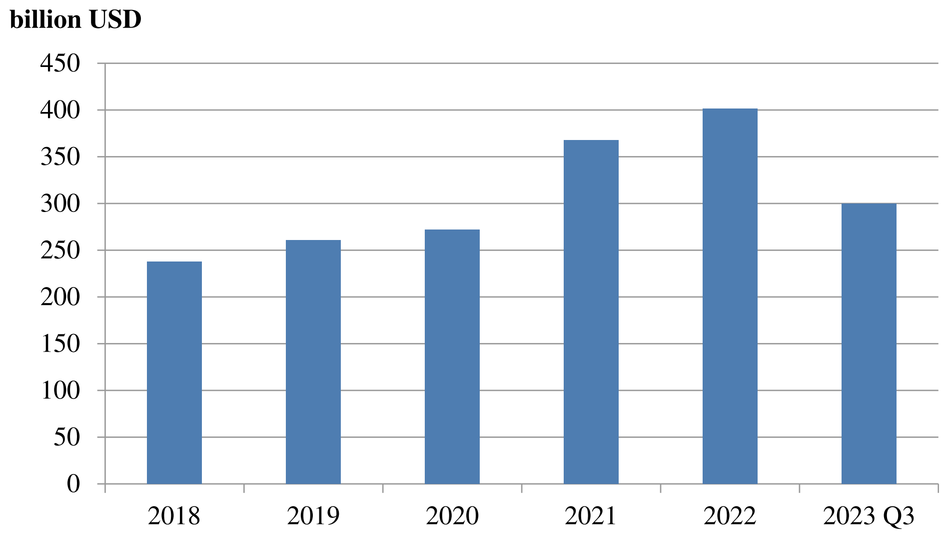
3. ECONOMIC OVERVIEW

3.1 Overview of the Economy in Vietnam

According to the General Statistics Office of Vietnam, the nominal gross domestic product ("**GDP**") of Vietnam in 2023 Q3 was USD299 billion, a year-over-year nominal increase of 4.22% compared to 2022 Q3. Vietnam's shift from a centrally planned to a market economy has transformed the country from one of the poorest in the world into a lower middle-income country. Vietnam now is one of the most dynamic emerging countries in the East Asia region.

Over the past five years from 2018 to 2022, compound annual growth rate of Vietnam's nominal GDP was 13.98%. An upward trend of Vietnam's nominal GDP was observed from 2018 to 2022. Figure 1 illustrates the nominal GDP of Vietnam from 2018 to 2023 Q3.

Figure 1 - Vietnam's Nominal GDP from 2018 to 2023 Q3



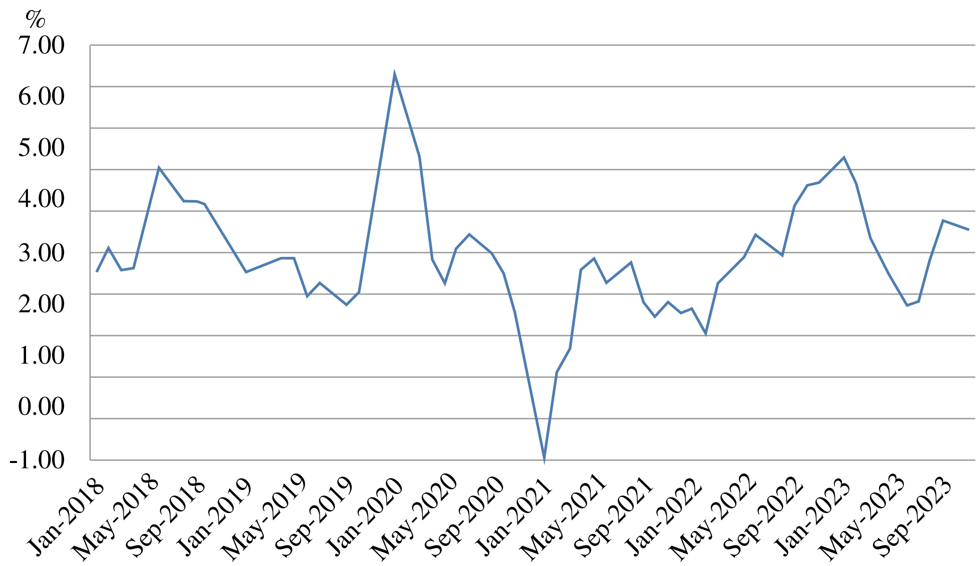
Source: General Statistics Office of Vietnam

3.2 Inflation in Vietnam

According to the Focus Economics, consumer price inflation in Vietnam averaged 3.2% in the ten years to 2022, above the Asia-Pacific regional average of 2.1%. According to the General Statistics Office of Vietnam, the year-over-year change in consumer price index ("**CPI**") demonstrated an uptrend trend from 2018 and reached its peak at 6.43% in January 2020. Yet, the year-over-year change in CPI fall from 2020 to 2021, it significantly decreased down to -0.97% in January 2021.

In 2021, the year-over-year change in CPI rose back to the average at 2.7% in April, then keep in a stable changes around 2%. In 2022, the year-over-year change in CPI increased from 1.94% in January to 4.55% in December. In 2023, the year-over-year change in CPI rose to 4.89% in January and dropped to 3.45% in November. Figure 2 shows the year-over-year change in CPI of Vietnam from January 2018 to November 2023.

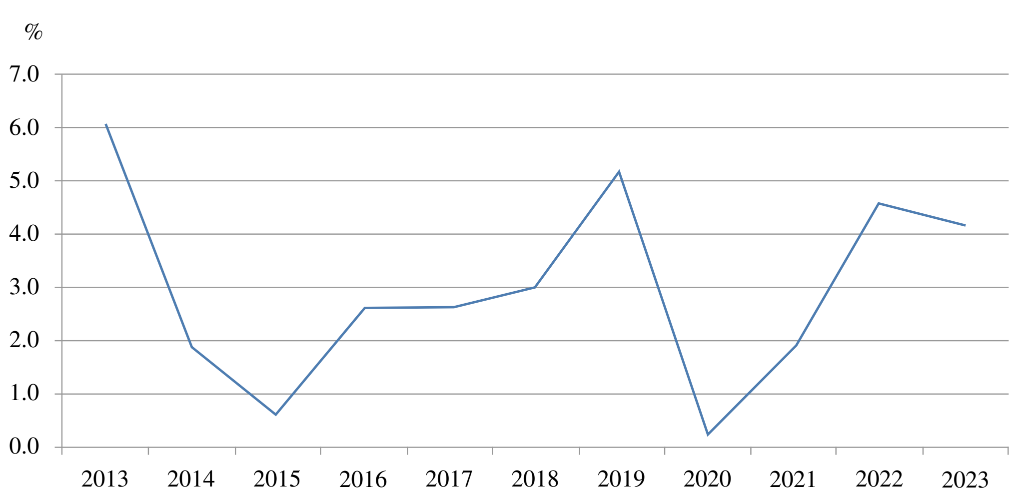
Figure 2 - Year-over-year Change in Vietnam's CPI from January 2018 to November 2023



Source: Bloomberg

Vietnam's inflation rate was volatile during the past decade. According to the IMF, The inflation rate dropped from 6.0% in 2013 to 0.6% in 2015. It demonstrated an uptrend trend from 2.6% in 2016 to 5.2% in 2019, then significantly decreased to 0.2% in 2020 due to outbreak of Covid-19. There was an upward trend in the yearly inflation rate in Vietnam from 2020 to 2022. The yearly inflation rate in Vietnam's is 4.6% in 2022. According to IMF's forecast, the long-term inflation rate of Vietnam is expected to be around 3.39%. Figure 3 shows the historical trend of Vietnam's inflation rate from 2013 to 2023.

Figure 3 - Vietnam's Inflation Rate from 2013 to 2023



Source: International Monetary Fund

4. INDUSTRY OVERVIEW

4.1 Overview of Plastics Injection Molding Industry

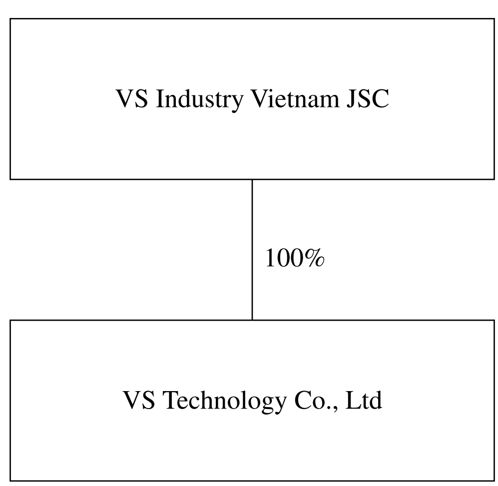
According to Acumen Research and Consulting, the global plastic injection molding market size accounted for USD271.6 billion in 2021, with more than 45% of the market shares coming from the Asia-Pacific region. The global market size is expected to reach USD419.1 billion by 2030, with a CAGR of 5% from 2022 to 2030. The major factors driving the demand for injection molding in the market are the increasing usage in automotive applications and the growing demand from the packaging industry. Additionally, increased consumer goods and electronics demand is anticipated to strengthen this demand further.

Regarding the application landscape, the packaging segment dominated the market and accounted for the largest revenue shares in 2021 according to Straits Research. This demand is supported by continued economic expansion and acceleration in the e-commerce and FMCG sectors. Moreover, injection-molded plastics hold immense potential, particularly in the medical and automotive industry. The industry is expected to witness the highest growth in the medical devices and components sector. Optical clarity, biocompatibility, and cost-effective production methods are expected to drive demand from the medical industry.

5. OVERVIEW OF THE TARGET GROUP

The Target Group is principally engaged in plastic injection. The Target Group manufacturing spare parts, plastics molded machines with high precision used for direct or indirect exporting. The Target Group also assembling and trading electric products and plastic products. Figure 4 shows the group chart of the Target Group.

Figure 4 - Group Chart of the Target Group



6. BASIS OF VALUATION

Our valuation is conducted on a market value basis. According to the International Valuation Standards established by the International Valuation Standards Council in 2022, **market value** is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

7. INVESTIGATION

Our investigation included discussions with members of the Management in relation to the development, operations and other relevant information of the Target Group. In addition, we have made relevant inquiries and obtained further information as we considered necessary for the purpose of the valuation.

We have had discussions with the Management in relation to the development, operations and other relevant information of the Target Group. We have also consulted other sources of financial and business information. In arriving at our opinion of value, we have relied on the completeness, accuracy and representation of operational, financial and other pertinent data and information of the Target Group as provided by the Management to a considerable extent.

The valuation of the Target Group requires consideration of all pertinent factors, which may or may not affect the operation of the business. The factors considered in our valuation include, but are not necessarily limited to, the following:

- The nature and prospect of the Target Group;
- The financial information of the Target Group;
- The business plan of the Target Group as provided by the Management;
- The business risks of the Target Group such as the ability in maintaining competent technical and professional personnel; and
- Investment returns of entities engaged in similar lines of business.

8. VALUATION METHODOLOGY

There are generally three accepted approaches to obtain the market value of the Target Group, namely the Market-Based Approach, Income-Based Approach and Asset-Based Approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature.

8.1 Market-Based Approach

The Market-Based Approach values a business entity by comparing prices at which other business entities in a similar nature changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative. By adopting this approach, the valuer will first look for valuation indication of prices of other similar business entities that have been sold recently.

The right transactions employed in analyzing indications of values need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

8.2 Income-Based Approach

The Income-Based Approach focuses on the economic benefits due to the income producing capability of the business entity. The underlying theory of this approach is that the value of the business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the Income-Based Approach estimates the future economic benefits and discounts them to their present values using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this present value can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

8.3 Asset-Based Approach

The Asset-Based Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital ("**equity and long term debt**"). In other words, the value of the business entity is represented by the money that has been made available to purchase the business assets needed.

This money comes from investors who buy stocks of the business entity ("**equity**") and investors who lend money to the business entity ("**debt**"). After collecting the total amounts of money from equity and debt, and converted into various types of assets of the business entity for its operation, their sum equals the value of the business entity.

8.4 Business Valuation

In the process of valuing the Target Group, we have taken into account the operations and the nature of the industry of the Target Group.

The Income-Based Approach was not adopted because there is no financial forecast for more than one year with concrete business plan could be obtained from the Management of the Target Group for valuation purpose. The Asset-Based Approach was also not adopted because it could not capture the future earning potential of the major operating business of the Target Group and therefore it could not reflect the market value of the major operating business of the Target Group. We have therefore considered the adoption of the Market-Based Approach in arriving at the market value of the Target Group.

By adopting the Market-Based Approach, we have to determine the appropriate valuation multiples of comparable companies, in which we have considered price-to-sales, price-to-earnings and price-to-book multiples. The price-to-book multiples cannot reflect the future earnings and growth potentials of the Target Group and hence they were not adopted. The price-to-sales multiples were not adopted because they could not fully capture the cost structure of the Target Group. Therefore, we have adopted the price-to-earnings ("P/E") multiple as we considered it as the most appropriate multiple in calculating the market value of the Target Group.

We adopted several listed companies with similar business nature and operations similar to those of the Target Group as comparable companies. The comparable companies were selected mainly with reference to the following selection criteria:

1. The companies have more than 50% revenues attributable to the manufacturing of the plastic moulded products[1];

2. The companies have positive profit margin ratios from the latest financial year ended nearest or as at the Date of Valuation[2];

3. The companies with P/E ratios fall outside one standard deviation of the mean would be considered as the outliers and excluded[3];

4. The companies have sufficient listing and operating histories more than 3 years[4]; and

5. The financial information of the companies is available to the public[5].

Note:

1. The Target Group is principally engaged in the manufacturing of plastic moulded products. It is understood that the comparable companies may operate other businesses. Therefore, the companies that have more than 50% of revenues attributable to the relevant business are deemed to have a similar business nature to the Target Group.

2. The net profits of the Target Group was positive for the year ended as at the Date of Valuation. Hence, the positive profit margin ratios of the companies have similar financial performance with the Target Group for operation prospective.

3. As our normal practice of excluding outliers, we normally develop a range of one standard deviation of the mean and excluded the comparable companies fall outside this range. We also applied this normal practice in this case.

4. In order to screen for comparable companies with prices that were less volatile and could reflect their values, the comparable companies being listed over 3 years were expected to help achieving the filtering object.

5. The information of the comparable companies could be accessible by us and other parties. They also could be cross checked by the readers and reviewers.

6. Business location is not included as one of the selection criteria as the business nature and financial performance of comparable companies are the primary considerations. It is also noted that most of the business locations of the selected companies are located in developing countries which is comparable to the Target Group.

Details of the comparable companies adopted were listed as follows:

Company Name	Stock Code	Listing Location	Business Description	Principal Business Location	Market Capitalization (USD million)	Net Profit Margin Ratio	Percentage of Revenue Attributable to the Relevant Business
National Plastic Technologies Ltd	NAPT.IN	India	National Plastic Technologies Ltd manufactures plastic products. The company manufactures moulded plastic products, primarily components for automobiles, computer peripherals, and consumer durables.	India	23.25	2.93%	100.00%
Tian Chang Group Holdings Ltd	2182.HK	Hong Kong	Tian Chang Group Holdings Ltd manufactures plastic products. The company produces plastic injection, compression, and extrusion moulds. The company markets its products in Hong Kong and China.	Netherlands	38.11	5.15%	53.37%
Coral Products PLC	CRU.LN	London	Coral Products PLC manufactures plastic injection mould products for the media, food, recycling, and other industries. The company produces blown bottles and tubs, caps and closures, rigid food packaging, library case packaging for disc based recorded media (CD & DVD), and recycling solution containers.	United Kingdom	14.63	4.38%	100.00%
TK Group Holdings Ltd	2283.HK	Hong Kong	TK Group Holdings Ltd manufactures plastic products and components. The company engages in the design and fabrication of plastic injection molds and the mechanical design and manufacturing of plastic components.	China	134.43	6.39%	100.00%
Yusei Holdings Ltd	96.HK	Hong Kong	Yusei Holdings Ltd designs, develops, and fabricates precision plastic injection molds and plastic components.	China	42.38	2.13%	83.33%
Chen Hsong Holdings	57.HK	Hong Kong	Chen Hsong Holdings, through its subsidiaries, manufactures and sells plastic injection moulding machines and related products.	China	117.06	5.04%	85.19%

Company Name	Stock Code	Listing Location	Business Description	Principal Business Location	Market Capitalization (USD million)	Net Profit Margin Ratio	Percentage of Revenue Attributable to the Relevant Business
Tensho Electric Industries Co Ltd	6776.JP	Japan	Tensho Electric Industries Co Ltd manufactures plastic moldings for consumer electronics, such as TV, VCR, Stereo, and auto parts. The company also manufactures other plastic products such as plastic containers for industrial use.	Japan	47.87	5.09%	94.68%

Source: Bloomberg

The P/E multiples of the aforementioned comparable companies were listed as follows:

Company Name	Stock Code	P/E Multiple
National Plastic Technologies Ltd	NAPT.IN	30.36
Tian Chang Group Holdings Ltd	2182.HK	3.82
Coral Products PLC	CRU.LN	9.77
TK Group Holdings Ltd	2283.HK	4.70
Yusei Holdings Ltd	96.HK	4.66
Chen Hsong Holdings	57.HK	8.68
Tensho Electric Industries Co Ltd	6776.JP	7.82
	Median	**7.82**

The P/E multiple adopted was the median of the P/E multiples of the above comparable companies as at the Date of Valuation as extracted from Bloomberg. Then we obtained the estimated market value of the Target Group as at 30 November 2023 by applying the P/E multiple adopted to the estimated net profit of the Target Group of USD3,404,914 contributable to the trailing 12-month period ended 30 November 2023. The market value of the Target Group in minority basis was then arrived by adjusting with the non-operating assets, the non-operating liabilities and the marketability discount.

Note:

The selection of National Plastic Technologies Ltd satisfied all the selection criteria mentioned above including within the range of one standard deviation of the mean. Although the P/E multiple of the company was relatively high, the median of the P/E multiple could minimize the impact of relatively high and low P/E ratios.

8.5 Marketability Discount

Compared to similar interest in public companies, ownership interest is not readily marketable for closely held companies. Therefore, the value of a share of stock in a privately held company is usually less than an otherwise comparable share in a publicly held company. With reference to the result of the restricted stock study published in "Stout Restricted Stock Study 2023" by Stout Risius Ross, LLC, a discount for lack of marketability of 15.70% was adopted in arriving at the market value of the Target Group as at the Date of Valuation.

8.6 Calculation Details

The detailed calculation in arriving at the market value of the Target Group was illustrated as below:

Estimated Net Profit as at the Date of Valuation (USD)	3,404,914
Multiplied by: Median of P/E Multiple	7.82
Market value of 100% equity interests in the Target Group (in Minority Basis) before adjustments on cash, debt, non-operating assets and non-operating liabilities (USD)	26,633,300
Add: non-operating assets (USD)	805,356
Less: non-operating liabilities (USD)	(446,605)
Market value of 100% equity interests in the Target Group (in Minority Basis) before adjustment on Marketability Discount	26,992,051
Adjustment on marketability discount	
Multiplied by: adjustment for marketability discount	(1-15.70%)
Market value of 100% equity interests in the Target Group (in Minority Basis) (USD)	22,754,299
Multiplied by: USDHKD exchange rate	7.8104
Market value of 100% equity interests in the Target Group (in minority basis) (HKD)	177,720,175
Equity interests held by the Company	43.29%
Market value of 43.29% equity interests in the Target Group (in minority basis) (HKD)	76,935,064
Market value of 43.29% equity interests in the Target Group (in minority basis) (HKD) (Rounded)	**77,000,000**

Note: Total figures may not add up due to rounding.

9. MAJOR ASSUMPTIONS IN THE VALUATION

We have adopted certain specific assumptions in our valuation and the major ones are as follows:

- The audited consolidated financial statements of the Target Group for the period from 1 December 2022 to 30 November 2023 could reasonably represent the Target Group's financial positions;

- As advised by the Management, deferred tax assets of USD805,356 on Target Group's audited consolidated financial statements dated 30 November 2023 were non-operating assets of Target Group, and the book values of the non-operating assets were assumed to be equal to their market values;

- As advised by the Management, amount due to the ultimate holding company of USD446,605 on Target Group's audited consolidated financial statements dated 30 November 2023 were non-operating liabilities of Target Group, and the book values of the non-operating liabilities were assumed to be equal to their market values;

- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Target Group operates or intends to operate would be officially obtained and renewable upon expiry;

- There will be sufficient supply of technical staff in the industries in which the Target Group operates, and the Target Group will retain competent management, key personnel and technical staff to support its ongoing operations and developments;

- There will be no major change in the current taxation laws in the localities in which the Target Group operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;

- There will be no major change in the political, legal, economic or financial conditions in the localities in which the Target Group operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Target Group; and

- Interest rates and exchange rates in the localities for the operation of the Target Group will not differ materially from those presently prevailing.

10. INFORMATION REVIEWED

Our opinion requires consideration of relevant factors affecting the market value of the Target Group. The factors considered included, but were not necessarily limited to, the following:

- Audited consolidated financial statements of the Target Group for the period ended 30 November 2023;

- Audited consolidated financial statements of the Target Group for the year ended 31 December 2022;

- Historical operational information of the Target Group;

- The nature and background of the Target Group; and

- Economic outlook in Vietnam.

We have discussed the details with the Management on the information provided and assumed that such information is reasonable and reliable. We have assumed the accuracy of information provided and relied on such information to a considerable extent in arriving at our opinion of value.

11. LIMITING CONDITIONS

The valuation reflects facts and conditions existing at the Date of Valuation. Subsequent events or circumstances have not been considered and we are not required to update our report for such events and conditions.

We would particularly point out that our valuation was based on the information such as the company background and business nature of the Target Group provided to us.

To the best of our knowledge, all data set forth in this report are assumed to be reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied on the historical and/or prospective information provided by the Management and other third parties to a considerable extent in arriving at our opinion of value. The information has not been audited or compiled by us. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

We assumed that the management of the Target Group is competent and perform duties under the company regulation. Also, ownership of the Target Group was in responsible hands, unless otherwise stated in this report. The quality of the management of the Target Group may have direct impact on the viability of the business as well as the market value of the Target Group.

We have not investigated the title to or any legal liabilities of the Target Group and have assumed no responsibility for the title to the Company appraised.

Our conclusion of the market value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. The conclusion and various estimates may not be separated into parts, and/or used out of the context presented herein, and/or used together with any other valuation or study.

We assume no responsibility whatsoever to any person other than the directors and the Management in respect of, or arising out of, the content of this report. If others choose to rely in any way on the contents of this report, they do so entirely at their own risk.

The working papers and models for this valuation are being kept in our files and would be available for further references. We would be available to support our valuation if required. The title of this report shall not pass to the Target Group until all professional fee has been paid in full.

12. REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in Hong Kong Dollars (HKD).

We hereby confirm that we have neither present nor prospective interests in the Company, the Target Group and their associated companies, or the values reported herein.

13. OPINION OF VALUE

Based on the investigation stated above and the valuation method employed, the market value of 43.29% equity interests in the Target Group as at the Date of Valuation, in our opinion, was reasonably stated as **HKD77,000,000 (HONG KONG DOLLARS SEVENTY SEVEN MILLION ONLY).**

Yours faithfully,
For and on behalf of
Roma Appraisals Limited

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests in the Company or its associated corporations

As at the Latest Practicable Date, Directors or chief executive of the Company who had interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by the Directors (the "**Model Code**") set out in Appendix C3 to the Listing Rules were as follows:

Long positions in Shares and underlying Shares

Name of Director *(Note 1)*	The Company/ name of associated corporation	Capacity	Number and class of securities *(Note 2)*	Approximate percentage of interest
Beh Kim Ling	The Company	Beneficial owner	158,904,532 Shares (L)	6.89%
	V.S. Corporation (Hong Kong) Co., Limited ("**VSHK**")	Beneficial owner	3,750,000 non-voting deferred shares of HK$1 each (L)	5.00%
	V.S. Industry Berhad ("**VS Berhad**")	Beneficial owner	354,498,283 ordinary shares (L) *(Note 3)*	9.28%
Zhang Pei Yu	The Company	Beneficial owner	2,000 Shares (L)	0.00%
Beh Chern Wei	The Company	Beneficial owner	37,111,960 Shares (L)	1.61%
	VSHK	Beneficial owner	1,250,000 non-voting deferred shares of HK$1 each (L)	1.67%
	VS Berhad	Beneficial owner	124,090,900 ordinary shares (L) *(Note 4)*	3.25%
Tang Sim Cheow	The Company	Beneficial owner	639,130 Shares (L)	0.03%
Beh Hwee Sze	The Company	Beneficial owner	30,206,960 Shares (L)	1.31%
	VS Berhad	Beneficial owner	154,879,614 (L) *(Note 5)*	4.05%

Notes:

1. Mr. Beh Kim Ling is the father of Mr. Beh Chern Wei and Ms. Beh Hwee Sze.

2. The letter "L" represents the Director's long position interest in the shares and underlying shares of the Company or its associated corporations.

3. 1,320,000 of these shares would be allotted and issued upon exercise in full of the outstanding share options granted by VS Berhad at the exercise price* of Malaysian Ringgit ("**RM**") 0.45 per share during a period of 5 years from 2 July 2020 to 11 May 2025. 1,620,000 of these shares would be allotted and issued upon exercise in full of the outstanding share options granted by VS Berhad at the exercise price RM0.87 per share during a period of 3 years from 17 May 2022 to 11 May 2025. 56,451,397 of these shares would be allotted and issued upon exercise in full of the warrants granted by VS Berhad at an initial exercise price of RM1.38 per share (subject to adjustments) during a period of 3 years from 15 June 2021 to 14 June 2024.

4. 400,000 of these shares would be allotted and issued upon exercise in full of the outstanding share options granted by VS Berhad at the exercise price* of RM0.45 per share during a period of 5 years from 2 July 2020 to 11 May 2025. 200,050 of these shares would be allotted and issued upon exercise in full of the warrants granted by VS Berhad at an initial exercise price of RM1.38 per share (subject to adjustments) during a period of 3 years from 15 June 2021 to 14 June 2024.

5. 16,356,902 of these shares would be allotted and issued upon exercise in full of the warrants granted by VS Berhad at an initial exercise price of RM1.38 per share (subject to adjustments) during a period of 3 years from 15 June 2021 to 14 June 2024.

* VS Berhad completed its bonus issue exercise on 19 May 2021 and the option exercise price has been adjusted accordingly.

(b) Substantial Shareholders and other persons' interests in Shares and underlying Shares

As at the Latest Practicable Date, substantial Shareholders and other persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	**Capacity**	**Number of shares** *(Note 1)*	**Approximate percentage of interest**
VS Berhad	Beneficial owner	1,000,109,963 (L)	43.34%
B&E Holding Limited	Beneficial owner	203,571,429 (L)	8.82%
Beh Kim Siea	Interest of controlled corproation	203,571,429 (L)	8.82%

Notes:

1. The letter "L" represents the shareholder's long position interest in the shares of the Company.

As at the Latest Practicable Date, none of the Directors was a director or an employee of a company who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Company was not notified by any persons (other than Directors or chief executive of the Company as discussed above) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

3. COMPETING INTEREST

So far as the Directors are aware, none of the Directors or their respective associates had interest in any business which compete or is likely to compete, either directly or indirectly, with the businesses of the Group as at the Latest Practicable Date.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contract with any member of the Enlarged Group which was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN CONTRACTS OR ASSETS

As at the Latest Practicable Date, save for the Sale and Purchase Agreement,

(i) there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Enlarged Group; and

(ii) none of the Directors had any direct or indirect interest in any assets which had been since 31 July 2023 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

6. LITIGATION

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, no member of the Enlarged Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Enlarged Group that would have a material adverse effect on the results of operations or financial conditions of the Enlarged Group.

7. QUALIFICATION AND CONSENTS OF EXPERT

(a) The following sets out the qualifications of the experts who have given their opinions or advice or statements as contained in this circular:

Name	Qualification
Gram Capital	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountants Ordinance (Cap. 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Cap. 588 of the Laws of Hong Kong)
Roma Appraisals Limited	Valuer

(b) As at the Latest Practicable Date, each of the above experts had no shareholding in the Company or any other member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any other member of the Group.

(c) As at the Latest Practicable Date, each of the above experts had no direct or indirect interests in any assets which has been acquired or disposed of by or leased to any member of the Enlarged Group since 31 July 2023 (the date to which the latest published audited consolidated financial statements of the Group were made up) or proposed to be so acquired, disposed of or leased to any member of the Enlarged Group.

(d) As at the Latest Practicable Date, each of the above experts had given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of their reports or letters or their name and logo in the form and context in which they respectively appear.

8. MATERIAL CONTRACTS

As at the Latest Practicable Date, save as the Sale and Purchase Agreement, the Company or any member of the Enlarged Group did not enter into any contracts (not being contracts in the ordinary course of business) within two years immediately preceding the Latest Practicable Date which are or may be material.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Company (www.vs-ig.com) and the Stock Exchange (www.hkexnews.hk) from the date of this circular until 14 days thereafter:

(a) the Sale and Purchase Agreement, being the material contract referred to in paragraph 8 of this appendix;

(b) the letter from the Board, the text of which is set out on pages 5 to 20 of this circular;

(c) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 21 to 22 of this circular;

(d) the letter from Gram Capital, the text of which is set out on pages 23 to 37 of this circular;

(e) the accountant's report on the Target Group, the text of which is set out in Appendix II to this circular;

(f) the report on the unaudited pro forma financial information of the Enlarged Group upon Completion, the text of which is set out in Appendix IV to this circular;

(g) the valuation report on the property, the text of which is set out in Appendix V to this circular;

(h) the valuation report on the Target Group, the text of which is set out in Appendix VI to this circular;

(i) the written consents referred to in paragraph 7 of this appendix; and

(j) this circular.

10. MISCELLANEOUS

(a) The company secretary of the Company is Ms. Ng Ting On Polly, a practicing solicitor in Hong Kong.

(b) The registered office of the Company is situated at Cricket Square, Hutchines Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

(c) The head office and principal place of business of the Company in Hong Kong is at 40th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong.

(d) The principal share registrar and transfer office of the Company is Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchines Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

(e) The Hong Kong branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

(f) In the event of inconsistency, the English text of this circular shall prevail over its Chinese text.

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)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "**EGM**") of V.S. International Group Limited (the "**Company**") will be held at V.S. Industry Berhad's corporate office, No. 88, Jalan I-PARK SAC 5, Taman Perindustrian I-PARK SAC, 81400 Senai, Johor, Malaysia on Tuesday, 18 June 2024 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following ordinary resolution. Capitalised terms contained in the circular dated 24 May 2024 issued by the Company shall have the same meanings when used herein unless otherwise specified.

ORDINARY RESOLUTION

"**THAT**

(a) the Sale and Purchase Agreement, a copy of which has been produced to the EGM and marked "A" and initialed by the chairman of the EGM for identification purpose, and the transactions as contemplated thereunder, including the issue of the Consideration Shares and the grant of the Call Option, be and are hereby approved, confirmed and ratified;

(b) conditional upon the Listing Committee of the Hong Kong Stock Exchange granting the approval of the listing of, and permission to deal in, the Consideration Shares to be issued by the Company as partial settlement of the Consideration pursuant to the Sale and Purchase Agreement, the Directors be and are hereby granted the specific mandate to allot and issue the Consideration Shares and take all such steps and do all such acts as may be necessary or expedient in order to give effect to the same; and

(c) and any one Director be and is hereby authorised to do all such acts and things and to sign and execute all such documents, instruments and agreements for and on behalf of the Company as he/she may consider necessary, appropriate, desirable or expedient to give effect to or in connection with this resolution."

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

Zhuhai, the People's Republic of China, 24 May 2024

Principal place of business in Hong Kong:
40th Floor, Jardine House
1 Connaught Place
Central
Hong Kong

Notes:

1. A shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf at the meeting. A proxy need not be a member of the Company but must be present in person to represent him/her/it.

2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her/its attorney duly authorised in wiring or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

3. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the offices of the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited (the "**Branch Registrar**") at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 48 hours before the time of meeting (i.e. no later than 11:00 a.m. on Sunday, 16 June 2024 (Hong Kong time)) or any adjournment.

4. Completion and return of the form of proxy will not preclude a shareholder from attending and voting in person at the meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.

5. In the case of joint registered holders of a share in the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she/it were solely entitled thereto or if more than one of such joint holders are present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

6. For the purpose of ascertaining Shareholders' right to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 13 June 2024 to Tuesday, 18 June 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, all completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, namely Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 12 June 2024.

7. Where a "black" rainstorm warning is in force or a tropical cyclone warning signal number 8 or above is hoisted or remains hoisted or "extreme conditions" caused by super typhoons is in force at 8: 00 a.m. on the date of the EGM, the EGM will be postponed. The Company will publish an announcement on the website of the Company (www.vs-ig.com) and the Stock Exchange (www.hkexnews.hk) to notify the Shareholders of the date, time and place of the rescheduled meeting. The EGM will be held as scheduled when an amber or red rainstorm warning signal is in force. Having considered their own situations, Shareholders should decide on their own whether they would attend the EGM under any bad weather condition and if they do so, they are advised to exercise care and caution.

*As at the date of this notice, the board of directors of the Company ("**Directors**") comprises the following members:*

Executive Directors:

Mr. Beh Kim Ling
Mr. Beh Chern Wei
Mr. Zhang Pei Yu *(Ms. Beh Hwee Sze as his alternate)*

Independent non-executive Directors:

Mr. Tang Sim Cheow
Ms. Fu Xiao Nan
Mr. Wan Mohd Fadzmi