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## **V.S. INTERNATIONAL GROUP LIMITED**

**威 鉞 國 際 集 團 有 限 公 司**

*(incorporated in the Cayman Islands with limited liability)*

**(stock code: 1002)**

### **DISCLOSEABLE TRANSACTION: SALE OF PROPERTY**

On 7 March 2011, the Company entered into the Provisional Agreement with an independent third party as purchaser, for the sale of the Property by the Company to that independent third party at the Sale Price of HK\$22 million. The principal terms of the Sale are set out in this announcement.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Sale exceed 5% but less than 25%, the Sale constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The Board announces that on 7 March 2011, the Company and the Purchaser entered into the Provisional Agreement for the sale of the Property by the Company to the Purchaser. The principal terms of the Sale pursuant to the Provisional Agreement are set out below.

#### **THE PROVISIONAL AGREEMENT**

**1. Date** : 7 March 2011

**2. Parties**

**Vendor** : The Company.

**Purchaser** : The Purchaser is a company incorporated in Hong Kong with limited liability, it was introduced to the Company by an estate agent. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the principal business of the Purchaser is investment, both the Purchaser and its ultimate beneficial owners are independent third parties.

### **3. Property agreed to be sold**

Unit D, 41st Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

### **4. Sale Price**

The Sale Price is in the sum of HK\$22,000,000 and is to be satisfied by the Purchaser in cash. The payment terms of the Sale Price are as follows:

- (1) HK\$1,000,000 as initial deposit and part payment of the Sale Price was paid on 7 March 2011 upon signing of the Provisional Agreement;
- (2) HK\$1,200,000 as further deposit and further part payment of the Sale Price is to be paid to the Company upon signing of the Formal Agreement on or before 15 March 2011; and
- (3) HK\$19,800,000 as balance of the Sale Price is to be paid upon completion of the Sale on or before 31 May 2011.

The initial deposit of HK\$1,000,000 mentioned above is to be held by the solicitors of the Company acting in the Sale as stakeholders who may only release it to the Company if the balance of the Sale Price is sufficient to discharge the existing legal charge/mortgage of the Property.

The Sale Price was arrived at by the parties to the Provisional Agreement after arm's length negotiations by reference to the prevailing property market conditions, the current selling price of similar property in Hong Kong, the current average market value per square feet of similar property in comparable area in Hong Kong and the open market value of HK\$15,500,000 of the Property as at 31 August 2010 as appraised by a professional property valuer who is an independent third party.

### **5. Signing of the Formal Agreement**

The Formal Agreement embodying the principal terms of the Provisional Agreement and such other terms as shall be agreed between the parties is expected to be signed on or before 15 March 2011.

### **6. Completion**

Completion of the Sale is scheduled for 31 May 2011.

## 7. Other principal terms

Prior to completion:

- (1) there shall not be any change in the legal and beneficial ownership of the Purchaser; and
- (2) the Purchaser shall not be entitled to sub-sell the Property or any part thereof or otherwise to assign the benefit of the Provisional Agreement or to enter into any agreement so to do or to nominate any other person to take up the assignment of the Property in its stead to the intent that the Vendor shall only be required on completion to assign the Property to the Purchaser direct and not to any other person whatsoever notwithstanding any rule of law or equity to the contrary.

Any breach of the above conditions shall be treated as a fundamental breach by the Purchaser, in which event all deposits paid shall be absolutely forfeited to the vendor and to terminate sale and purchase as contemplated under the Provisional Agreement.

### REASONS FOR AND BENEFIT OF THE SALE

The Property is an office premises acquired by the Company at a consideration of HK\$6,900,000 in 2002.

Owing to the advancement in information technology, the Directors considered that the administrative and liaising functions of the Hong Kong office could be effectively carried out by the Group's operating offices in the PRC. The Group therefore has been gradually shifting the functions of the Hong Kong office to the PRC offices. Taking into account of the vacant space of the Hong Kong office following the downsizing, part of the Property has been let to an independent third party since January 2010 at the monthly fee of HK\$27,000 exclusive of management fee, rates, Government rent and all outgoings, with remaining part being used by the Company as its office premises for performing administrative functions and as a liaison office of the Group in Hong Kong.

For the two financial years ended 31 July 2010, the net profits (both before and after taxation and extraordinary items) attributable to the Property were as follows:

|   | <b>2010</b> | <b>2009</b> |
|---|-------------|-------------|
|   | <i>HK\$</i> | <i>HK\$</i> |
| Before taxation and extraordinary items | 148,000     | Nil         |
| After taxation and extraordinary items  | 124,000     | Nil         |

The Company intends to apply the net proceeds of the Sale in the amount of approximately HK\$21,700,000 (after deducting the estimated legal costs, estate agent commission and related expenses) as follows:

- (1) as to approximately HK\$6,000,000 (subject to final confirmation by the mortgagee bank) for obtaining a discharge of the existing mortgage of the Property from the mortgagee bank;

(2) as to approximately HK\$8,000,000 for the repayment of long term borrowing; and

(3) as to the balance of HK\$7,700,000 as general working of the Group.

Given the current rising property market in Hong Kong, the Directors consider that the disposal of the Property presents a good opportunity for the Company to yield a reasonable return, reduce gearing ratio and the interest expenses of the Group.

The Property is sold at market price and the Directors consider that the terms of the Sale are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **FINANCIAL EFFECT OF THE SALE**

The net book value of the Property is HK\$6,015,000 as at 31 July 2010. The Group is to record a gain of approximately HK\$15,685,000 (after deducting the estimated legal costs, estate agent commission and related expenses) (subject to audit) upon completion of the Sale.

## **INFORMATION ON THE GROUP**

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

## **GENERAL**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Sale exceed 5% but less than 25%, the Sale constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

|                    |   |
|--------------------|---|
| “associates”       | has the meaning ascribed to it under the Listing Rules  |
| “Board”            | the board of Directors  |
| “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 |
| “Directors”        | the directors of the Company  |
| “Formal Agreement” | the formal agreement for the Sale to be entered into by the parties pursuant to the terms of the Provisional Agreement  |
| “Group”            | the Company and its subsidiaries from time to time  |

|                           |  |
|---------------------------|--|
| “Hong Kong                | the Hong Kong Special Administrative Region of the People’s Republic of China  |
| “independent third party” | party who is (i) not a connected person of the Company (as defined in the Listing Rules) and (ii) independent of and not connected with any of the directors, chief executive, substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates |
| “Listing Rules”           | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “PRC”                     | the People’s Republic of China   |
| “Property”                | Unit D, 41st Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong   |
| “Provisional Agreement”   | the preliminary agreement for sale and purchase dated 7 March 2011 entered into between the Company as vendor and the Purchaser as purchaser for the Sale  |
| “Purchaser”               | the purchaser of the Property under the Provisional Agreement  |
| “Sale”                    | the sale of the Property by the Company on the terms of the Provisional Agreement or, when subsequently entered into, the Formal Agreement   |
| “Sale Price”              | HK\$22,000,000 that the Purchaser has to pay to the Company for the purchase of the Property   |
| “Shareholders”            | shareholders of the Company  |
| “Stock Exchange”          | The Stock Exchange of Hong Kong Limited  |
| “HK\$”                    | Hong Kong dollars, the lawful currency of Hong Kong  |
| “%”                       | per cent.  |

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

Zhuhai, the PRC, 7 March 2011

## List of Directors as at the date of this announcement

### *Executive Directors:*

Mr. Beh Kim Ling  
Mr. Gan Sem Yam  
Madam Gan Chu Cheng  
Mr. Zhang Pei Yu  
Mr. Yeoh Ek Boon

### *Independent non-executive Directors:*

Mr. Diong Tai Pew  
Mr. Lee Soo Gee  
Mr. Tang Sim Cheow

### *Non-executive Director:*

Mr. Gan Tiong Sia