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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

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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)**

- (1) GRANT OF GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**
  - (2) REFRESHMENT OF THE EXISTING LIMIT ON THE GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME**
  - (3) RE-ELECTION OF DIRECTORS**
  - (4) NOTICE OF ANNUAL GENERAL MEETING**
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Notice of the annual general meeting of V.S. International Group Limited to be held at Star City Hotel, No. 88, Jingshan Road, Jida, Zhuhai, Guangdong Province, the People's Republic of China on Friday, 28 November, 2008 at 11:00 a.m. is set out on pages 19 to 24 of this circular. If you are unable to attend the meeting, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person if you so wish.

6 November 2008

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## DEFINITIONS

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

“AGM Notice”	the notice for convening the Annual General Meeting set out on pages 19 to 24 of this circular
“Annual General Meeting”	the annual general meeting of the Company convened to be held on Friday, 28 November 2008 at Star City Hotel, No. 88, Jingshan Road, Jida, Zhuhai, Guangdong Province, the People’s Republic of China at 11:00 a.m.
“Articles”	the articles of association of the Company as amended from time to time
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	V.S. International Group Limited (威鉞國際集團有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Director(s)”	the director(s) of the Company
“Existing Scheme Limit”	the maximum number of Shares which may be issued upon exercise of all options granted/to be granted under the Share Option Scheme, being 10% of the issued share capital of the Company as at 14 December 2007, being the date of the 2007 annual general meeting of the Company
“Extension Mandate”	a general and unconditional mandate to the Directors to the effect that any shares repurchased under the Repurchase Mandate will be added to the total number of shares which may be allotted and issued under the Issue Mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Invested Entity”	any entity in which any member of the Group holds any equity interest;

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## DEFINITIONS

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“Issue Mandate”	a general and unconditional mandate to the Directors to exercise the power of the Company to allot, issue or otherwise deal with shares of up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution at the Annual General Meeting
“Latest Practicable Date”	3 November 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Participants”	any employees or proposed employees (whether full time or part time) of the Company or Directors, any of its subsidiaries or any Invested Entity; any suppliers and customers of the Group or any Invested Entity; any person or entity that provides research, development or other technological support to the Group or any Invested Entity and any shareholders or holders of any securities of any member of the Group or any Invested Entity; and for so long as V.S. Industry Berhad remains as a controlling Shareholder, any employees or proposed employees (whether full time or part time) or directors (including independent non-executive directors) of V.S. Industry Berhad, any of its subsidiaries and any entity in which V.S. Industry Berhad or any of its subsidiaries holds an equity interest; and any other group or classes of participants from time to time determined by the Board as having contributed or may contribute by way of joint venture and business alliances to the development and growth of the Group
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Repurchase Mandate”	a general and unconditional mandate to the Directors to enable them to repurchase shares the aggregate nominal amount of which does not exceed 10% of the aggregate nominal amount of the share capital in issue as at the date of passing the relevant resolution at the Annual General Meeting

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## DEFINITIONS

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“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Option Scheme”	the share option scheme adopted by the Company by the Shareholders on 20 January 2002
“Share(s)”	ordinary share(s) of \$0.05 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Repurchases by the Securities and Futures Commission in Hong Kong
“VS Berhad”	V.S. Industry Berhad, a company incorporated in Malaysia, whose shares are listing on Bursa Malaysia and a substantial shareholder of the Company
“\$” and “cents”	Hong Kong dollars and cents, respectively
“%”	per cent.

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

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

*Registered office:*

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

*Independent non-executive Directors:*

Mr. Diong Tai Pew  
Mr. Cheung Kwan Hung, Anthony  
Mr. Tang Sim Cheow

*Head Office and Principal Place of*

*Business in Hong Kong:*  
4106, 41st Floor  
Office Tower, Convention Plaza  
1 Harbour Road  
Wanchai  
Hong Kong

*Non-executive Director:*

Mr. Gan Tiong Sia

6 November 2008

*To the Shareholders*

Dear Sir/Madam

- (1) GRANT OF GENERAL MANDATES TO ISSUE AND  
REPURCHASE SHARES**
- (2) REFRESHMENT OF THE EXISTING LIMIT ON THE GRANT OF  
OPTIONS UNDER THE SHARE OPTION SCHEME**
- (3) RE-ELECTION OF DIRECTORS**
- (4) NOTICE OF ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

The primary purposes of this circular are to provide you with information regarding the resolutions to be proposed at the Annual General Meeting and to give you notice of the Annual General Meeting. Resolutions to be proposed at the Annual General Meeting include: (a) ordinary resolutions relating to the proposed grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate; (b) an ordinary resolution relating to the proposed refreshment of the Existing Scheme Limit; and (c) ordinary resolutions relating to the re-election of the retiring Directors.

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## LETTER FROM THE BOARD

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Pursuant to the Listing Rules, the Company is required to provide you with information reasonably necessary to enable you to make an informed decision as to whether to vote for or against the resolutions to be proposed at the Annual General Meeting. This circular is also prepared for such purpose.

### **2. GRANT OF ISSUE MANDATE**

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be given the Issue Mandate, i.e. a general and unconditional mandate to allot, issue or otherwise deal with new Shares of up to 20% of the aggregate nominal share capital of the Company in issue as at the date of passing of the relevant resolution. As at the Latest Practicable Date, a total of 866,976,000 Shares were in issue. Subject to the passing of the proposed resolution granting the Issue Mandate to the Directors and on the basis that no Shares will be issued or repurchased by the Company for the period from the Latest Practicable Date up to and including the date of the Annual General Meeting, the Company will be allowed under the Issue Mandate to issue a maximum of 173,395,200 Shares, representing 20% of the Shares in issue as at the Latest Practicable Date.

### **3. REPURCHASE MANDATE AND EXTENSION MANDATE**

At the Annual General Meeting, an ordinary resolution will also be proposed to give the Directors the Repurchase Mandate, i.e. a general and unconditional mandate to exercise all powers of the Company to repurchase, on the Stock Exchange or on any other stock exchange on which the Shares may be listed, shares of up to a maximum of 10% of the aggregate nominal share capital of the Company in issue as at the date of passing of the relevant resolution.

In addition, an ordinary resolution regarding the Extension Mandate will be proposed at the Annual General Meeting providing that any shares repurchased under the Repurchase Mandate (up to a maximum of 10% of the nominal value of the issued shares as at the date of the grant of the Repurchase Mandate) will be added to the total number of shares which may be allotted and issued under the Issue Mandate.

Each of the Issue Mandate and the Repurchase Mandate would expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company; or (b) the end of the period within which the Company is required by the Companies Law or the Articles to hold its next annual general meeting; or (c) when revoked or varied by ordinary resolution(s) of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

Under the Listing Rules, the Company is required to give to all Shareholders all information which is reasonably necessary to enable Shareholders to make an informed decision as to whether to vote for or against the resolution in respect of the Repurchase Mandate at the Annual General Meeting. An explanatory statement for such purpose is set out in Appendix I to this circular.

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## LETTER FROM THE BOARD

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### 4. SHARE OPTION SCHEME – REFRESHMENT OF EXISTING SCHEME LIMIT

Pursuant to the written resolution of all Shareholders of the Company passed on 20 January 2002, the Share Option Scheme was adopted. The purpose of the Share Option Scheme is to provide Participants with the opportunity to acquire equity interests in the Company and to encourage Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and the Shareholders as a whole.

Pursuant to Chapter 17 of the Listing Rules, the total number of securities which may be issued upon exercise of all options to be granted under a share option scheme and any other schemes of a listed issuer must not in aggregate exceed 10% of the relevant class of securities of the listed issuer in issue as at the date of approval of the scheme. The listed issuer may seek approval by its shareholders in general meeting for “refreshing” the 10% limit under the scheme. However, the total number of securities which may be issued upon exercise of all options to be granted under all of the schemes of the listed issuer under the limit as “refreshed” must not exceed 10% of the relevant class of securities in issue as at the date of approval of the refreshed limit. Options previously granted under the schemes (including those outstanding, cancelled, lapsed in accordance with the scheme or exercised options) will not be counted for the purpose of calculating the limit as “refreshed”. The Listing Rules also provide that the limit on the number of securities which may be issued upon exercise of all outstanding options granted and yet to be exercised under the scheme and any other schemes must not exceed 30% of the relevant class of securities of the listed issuer in issue from time to time.

The 10% scheme limit as at the date of adoption of the Share Option Scheme was refreshed at the annual general meeting of the Company held on 14 December 2007 where the Existing Scheme Limit was approved. Pursuant to the Existing Scheme Limit, the Directors may grant options not exceeding 86,697,600 Shares, representing 10% of the issued share capital of the Company as at 14 December 2007. As at the Latest Practicable Date, options carrying the rights to subscribe for 85,500,000 Shares (representing approximately 98.62% of the Existing Scheme Limit) have been granted to the Participants and none of such options have been exercised, and none of such options have lapsed. As at the Latest Practicable Date, 85,500,000 options remained outstanding. Accordingly, the Directors can only grant further options carrying the rights to subscribe for 1,197,600 Shares (representing approximately 1.38% of the Existing Scheme Limit) under the Existing Scheme Limit.

The Directors consider that the Company should refresh the Existing Scheme Limit so that the Company could have more flexibility to provide incentives to the Participants by way of granting share options to them. If the refreshment of the Existing Scheme Limit is approved at the Annual General Meeting, based on the 866,976,000 Shares in issue as at the Latest Practicable Date and assuming that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting, the Company will be allowed under the “refreshed limit” to grant options carrying the rights to subscribe for up to a total of 86,697,600 Shares, representing 10% of the issued share capital of the Company as at the Annual General Meeting.



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## LETTER FROM THE BOARD

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Apart from the Share Option Scheme, the Company has no other share option scheme currently in force. The following table shows the details of the share options granted/exercised/lapsed/outstanding under the Share Option Scheme up to the Latest Practicable Date:

<b>Class of participants</b>	<b>Number of options granted</b>	<b>Number of options exercised</b>	<b>Number of options lapsed</b>	<b>Number of outstanding options</b>
Directors	36,100,000	0	0	36,100,000
Employees of the Group	<u>49,400,000</u>	<u>0</u>	<u>0</u>	<u>49,400,000</u>
Total:	<u>85,500,000</u>	<u>0</u>	<u>0</u>	<u>85,500,000<sup>(Note)</sup></u>

*Note:* As at the Latest Practicable Date, the outstanding options represented approximately 9.86% of the total number of issued Shares of 866,976,000.

None of the grantees has been granted with options which exceed the limit of 1% of the issued share capital of the Company in the 12 months period up to and including the respective dates of grant as set out in Rule 17.03(4) of the Listing Rules.

If the refreshment of the Existing Scheme Limit is approved at the Annual General Meeting, the existing outstanding options of the Company and the options to be granted under the “refreshed limit” will not exceed 30% of the issued share capital of the Company.

The Directors consider that the refreshment of the Existing Scheme Limit is in the interests of the Group and the Shareholders as a whole because it enables the Company to reward and motivate its employees and other Participants under the Share Option Scheme.

The refreshment of the Existing Scheme Limit is conditional upon:

- (i) the passing of an ordinary resolution at the Annual General Meeting to approve the said refreshment; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in any new Shares which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the options that may be granted under the refreshed limit of the Share Option Scheme up to 10% of the issued share capital of the Company as at the date of passing of the relevant ordinary resolution at the Annual General Meeting.

Application will be made to the Listing Committee of the Stock Exchange for granting the listing of, and permission to deal in any new Shares which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the options that may be granted under the refreshed limit of the Share Option Scheme up to 10% of the issued share capital of the Company as at the date of passing of the relevant ordinary resolution at the Annual General Meeting.

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## LETTER FROM THE BOARD

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### 5. ACTIONS TO BE TAKEN

Set out on pages 19 to 24 of this circular is the AGM Notice. At the Annual General Meeting, resolutions will be proposed to approve, among other matters, the following:

- (a) the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate;
- (b) the refreshment of the Existing Scheme Limit; and
- (c) the re-election of Directors.

You will find enclosed with this circular a form of proxy for use at the Annual General Meeting. Whether or not you are able to attend the Annual General Meeting in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and, in any event no later than 48 hours before the time for the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

### 6. RECOMMENDATION

The Directors believe that the proposed grant of the Issue Mandate and the Repurchase Mandate and the refreshment of the Existing Scheme Limit are in the best interests of the Company and the Shareholders as a whole.

The Directors believe that an exercise of the Issue Mandate will enable the Company to take advantage of market conditions to raise additional capital for the Company.

The Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per share and/or earnings per share and will only be made when the Directors believe that such repurchases of shares will benefit the Company and the Shareholders.

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and gearing position of the Company compared with that as at 31 July 2008, being the date of its latest audited consolidated accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

Accordingly, the Directors recommend that all Shareholders should vote in favour of the ordinary resolutions approving the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate and the ordinary resolution approving the refreshment of the Existing Scheme Limit at the Annual General Meeting.

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## LETTER FROM THE BOARD

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### 7. RE-ELECTION OF DIRECTORS

In accordance with Article 108(A) of the Articles, Madam Gan Chu Cheng, Mr. Zhang Pei Yu and Mr. Gan Tiong Sia will retire as Directors by rotation and, being eligible, offer themselves for re-election as Directors at the Annual General Meeting.

Certain particulars of each of Madam Gan Chu Cheng, Mr. Zhang Pei Yu and Mr. Gan Tiong Sia are set out in Appendix III to this circular.

### 8. CLOSURE OF THE REGISTER OF MEMBERS

In order to determine the Shareholders who are eligible to attend the Annual General Meeting, the register of members of the Company will be closed from Wednesday, 26 November 2008 to Friday, 28 November 2008 (both dates inclusive) during which period no transfer of Shares will be registered.

Shareholders are reminded that in order to qualify for voting at the Annual General Meeting, all transfers of Shares accompanied by the relevant share certificate and transfer forms must be lodged with the Registrar no later than 4:30 p.m. on Tuesday, 25 November, 2008.

### 9. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully  
For and on behalf of the Board  
**V.S. International Group Limited**  
**Beh Kim Ling**  
*Chairman*

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide the requisite information as to the proposed Repurchase Mandate.

### **1. Listing Rules relating to the repurchase of securities**

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their shares on the Stock Exchange and any other stock exchange on which the securities of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchase of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general repurchase mandate or by specific approval of a particular transaction.

### **2. Share capital**

As at Latest Practicable Date, there were a total of 866,976,000 Shares in issue.

Subject to the passing of the proposed resolution granting the Repurchase Mandate and on the basis that no further Shares will be issued or repurchased prior to the Annual General Meeting, the Company will be allowed under Repurchase Mandate to repurchase a maximum of 86,697,600 Shares, representing 10% of the issued share capital of the Company as at the Latest Practicable Date.

### **3. Reasons for the repurchase**

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the Shares are listed. Share repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchase will benefit the Company and the Shareholders.

### **4. Funding of repurchases**

Repurchase made pursuant to the Repurchase Mandate would be funded out of funds legally available for the purpose in accordance with the Company's memorandum of association, the Articles, the Companies Law and other applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Under the Companies Law, repurchases by the Company may only be made out of profits of the Company or out of the proceeds of a fresh issue of Shares made for the purpose or, if so authorised by the Articles and subject to the provisions of the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the Shares to be purchased must be provided for out of profits of the Company or out of the Company's share premium account or, if so authorised by the Articles and subject to the provisions of the Companies Law, out of capital.

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company as compared with the position as at 31 July 2008, being the date of its latest audited consolidated financial statements. However, the Directors do not intend to make any repurchases to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

## 5. Share prices

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the twelve months preceding the Latest Practicable Date were as follows:

	<b>Highest</b>	<b>Lowest</b>
	\$	\$
<b>2007</b>		
November	0.385	0.310
December	0.350	0.280
<b>2008</b>		
January	0.305	0.241
February	0.285	0.245
March	0.280	0.195
April	0.240	0.200
May	0.225	0.200
June	0.225	0.180
July	0.186	0.150
August	0.160	0.155
September	0.155	0.100
October	0.120	0.090
November ( <i>Note</i> )	0.110	0.110

*Note: Up to the Latest Practicable Date*

## 6. The Takeovers Code and minimum public holding

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert (as defined in the Takeovers Code) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, VS Berhad held 371,996,900 approximately 42.91% of the then existing issued Shares. On the basis that there were 866,976,000 Shares in issue as at the Latest Practicable

Date and assuming that there will be no issue or repurchase of Shares prior to the date of the Annual General Meeting, if the Repurchase Mandate were exercised in full, the percentage shareholding in the Company of VS Berhad would increase to approximately 47.67% of the then issued Shares.

On the basis of the current shareholding of VS Berhad, an exercise of the Repurchase Mandate in full will result in VS Berhad becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in VS Berhad becoming obliged to make such a mandatory offer or the number of Shares in the hands of public falling below the prescribed minimum percentage of 25%.

#### **7. Share repurchase made by the Company**

The Company had not purchased any of the Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

#### **8. General**

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their associates (as defined in the Listing Rules), have any present intention to sell to the Company or its subsidiaries any of the Shares in the Company if the Repurchase Mandate is approved at the Annual General Meeting and exercised.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make repurchase of the Shares pursuant to the Repurchase Mandate in accordance with the Listing Rules, applicable laws of the Cayman Islands and the regulations set out in the memorandum of association of the Company and the Articles.

As at the Latest Practicable Date, no connected person of the Company has notified the Company that he/she/it has a present intention to sell any Shares to the Company nor has any such connected person undertaken not to sell any Shares held by him/her/it to the Company in the event that the Repurchase Mandate is granted.

Pursuant to Article 72 of the Articles, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless voting by way of poll is required by the Listing Rules or a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (i) by the chairman of the meeting; or
- (ii) by at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (iv) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

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## APPENDIX III PARTICULARS OF DIRECTORS FOR RE-ELECTION

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The particulars of the Directors eligible for re-election at the Annual General Meeting are set out below:

### **Executive Directors**

#### ***Madam Gan Chu Cheng (“Madam Gan”)***

Madam Gan Chu Cheng, aged 54, is the finance Director of the Group. Madam Gan, together with her husband, Mr. Beh Kim Ling, established VS Berhad in 1982. Madam Gan has accumulated more than 20 years experience in the plastic injection and moulding business. Madam Gan has headed several departments including production planning, procurement and finance department in both VS Berhad and the Group. At present, Madam Gan is mainly responsible for the financial management of the Group. Save as disclosed above, in the three years immediately preceding the Latest Practicable Date, Madam Gan had not held any directorship in listed public companies or other major appointments and qualifications.

As at the Latest Practicable Date, Madam Gan was interested in 39,600,775 Shares and underlying Shares pursuant to Part XV of the SFO, representing approximately 4.57% of the entire issued share capital of the Company as at the Latest Practicable Date. Madam Gan is the wife of Mr. Beh Kim Ling, the chairman and an executive Director of the Company, and is the sister of Messrs. Gan Sem Yam and Gan Tiong Sia. Madam Gan is an executive Director and a shareholder of a substantial Shareholder, VS Berhad. Save as disclosed above, Madam Gan was not related to any other Directors, senior management, substantial Shareholders or controlling Shareholders of the Company as at the Latest Practicable Date.

Madam Gan has entered into a service contract with the Company for an initial term of three years from 1 August 2001 and expiring on 31 July 2004 which is renewable automatically for successive terms of one year each commencing from the day immediately after the expiry of the then current term, unless terminated by not less than three months' notice in writing served by either party expiring at the end of the initial term or at any time thereafter. Under the service contract, Madam Gan is currently entitled to the following remuneration which is determined with reference to her performance and contribution to the Group:

- (i) a monthly salary of \$250,000, subject to such increase as the Board may, subject to compliance with the provisions of the Articles for the time being in force, determine from time to time in its absolute discretion;
- (ii) upon completion of every twelve months of services, a management bonus in respect of each financial year of the Company in an amount to be determined by the Board in its absolute discretion, provided that the total amount of bonuses payable to all the executive Directors for the time being shall not exceed the following amount or percentage of the combined or, as the case may be, consolidated audited net profit of the Group (before taxation and the payment of such bonuses but after minority interests) for that financial year, depending on the



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**APPENDIX III PARTICULARS OF DIRECTORS FOR RE-ELECTION**

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amount of the combined or consolidated net profit of the Group (before taxation and the payment of such bonuses but after minority interests for that financial year of the Company):

Group's net profit (before taxation and the payment of such bonuses but after minority interests)	Maximum bonus payable to all executive Directors for the time being of the Company (Amount/Percentage of the Group's net profit (before taxation and the payment of such bonuses but after minority interests))
Not more than \$20,000,000	\$1,000,000 or 5%, whichever is lower
Equal to or more than \$20,000,000 but not more than \$25,000,000	\$1,750,000
Equal to or more than \$25,000,000 but not more than \$30,000,000	\$2,250,000
Equal to or more than \$30,000,000 but not more than \$40,000,000	\$3,000,000
Equal to or more than \$40,000,000 but not more than \$50,000,000	\$4,800,000
Equal to or more than \$50,000,000	14%

- (iii) the use of a car of the style and model commensurate with her rank and position;
- (iv) insurance policies against her personal accident and medical expenses;
- (v) for each 12 months, the cost of two round trip business class flight tickets between Singapore and the PRC for her, her spouse and children;
- (vi) reimbursement to her in full of all Hong Kong salaries tax levied and paid by her in respect of payments and benefits received under the service contract;
- (vii) reimbursement to her in full of all reasonable educational expenses incurred by her in respect of her children;
- (viii) a family leave passage of one trip in each year for which full reimbursement of travel, meal and accommodation expenses shall be made to her, her spouse and her children; and

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## APPENDIX III PARTICULARS OF DIRECTORS FOR RE-ELECTION

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- (ix) accommodation in Hong Kong whenever she is required to stay and perform her duties under the service contract in Hong Kong.

***Mr. Zhang Pei Yu (“Mr. Zhang”)***

Mr. Zhang Pei Yu, aged 70, has been an executive Director of the Group since October 2000. Prior to joining the Group, Mr. Zhang held various managerial positions with a number of large state-owned enterprises and government bureau in the PRC, including Shenyang Auto Mobile Manufacturing Factory, Shenyang Light Industry Bureau, Planning Economy Committee of Shenyang and Shenyang Jinbei Company. Mr. Zhang has gained substantial experience in corporate management and business development in the PRC. Mr. Zhang is principally responsible for the corporate affairs of the Group in the PRC. Save as disclosed above, in the three years immediately preceding the Latest Practicable Date, Mr. Zhang had not held any directorship in listed public companies or other major appointments and qualifications.

As at the Latest Practicable Date, Mr. Zhang was interested in 6,802,000 underlying Shares pursuant to Part XV of the SFO, representing approximately 0.78% of the entire issued share capital of the Company as at the Latest Practicable Date. Mr. Zhang is not related to the other Directors or any senior management or substantial or controlling Shareholders of the Company. Mr. Zhang has entered into a service contract with the Company for an initial term of three years from 1 August 2001 and expiring on 31 July 2004 which is renewable automatically for successive terms of one year each commencing from the day immediately after the expiry of the then current term, unless terminated by not less than three months’ notice in writing served by either party expiring at the end of the initial term or at any time thereafter. Under the service contract, Mr. Zhang is currently entitled to the following remuneration which is determined with reference to his performance and contribution to the Group:

- (i) a monthly salary of RMB41,600, subject to such increase as the Board may, subject to compliance with the provisions of the Articles for the time being in force, determine from time to time in its absolute discretion;
- (ii) upon completion of every twelve months of services, a management bonus in respect of each financial year of the Company in an amount to be determined by the Board in its absolute discretion, provided that the total amount of bonuses payable to all the executive Directors for the time being shall not exceed the following amount or percentage of the combined or, as the case may be, consolidated audited net profit of the Group (before taxation and the payment of such bonuses but after minority interests) for that financial year, depending on the amount of the combined or consolidated net profit of the Group (before taxation

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**APPENDIX III PARTICULARS OF DIRECTORS FOR RE-ELECTION**

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and the payment of such bonuses but after minority interests for that financial year of the Company):

Group's net profit (before taxation and the payment of such bonuses but after minority interests)	Maximum bonus payable to all executive Directors for the time being of the Company (Amount/Percentage of the Group's net profit (before taxation and the payment of such bonuses but after minority interests))
Not more than \$20,000,000	\$1,000,000 or 5%, whichever is lower
Equal to or more than \$20,000,000 but not more than \$25,000,000	\$1,750,000
Equal to or more than \$25,000,000 but not more than \$30,000,000	\$2,250,000
Equal to or more than \$30,000,000 but not more than \$40,000,000	\$3,000,000
Equal to or more than \$40,000,000 but not more than \$50,000,000	\$4,800,000
Equal to or more than \$50,000,000	14%

- (iii) the use of a car of the style and model commensurate with his rank and position;
- (iv) insurance policies against his personal accident and medical expenses;
- (v) for each 12 months, the cost of two round trip business class flight tickets between Singapore and the PRC for him, his spouse and children;
- (vi) reimbursement to him in full of all Hong Kong salaries tax levied and paid by him in respect of payments and benefits received under the service contract;
- (vii) reimbursement to him in full of all reasonable educational expenses incurred by him in respect of his children;
- (viii) a family leave passage of one trip in each year for which full reimbursement of travel, meal and accommodation expenses shall be made to him, his spouse and his children; and

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## APPENDIX III PARTICULARS OF DIRECTORS FOR RE-ELECTION

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- (ix) accommodation in Hong Kong whenever he is required to stay and perform his duties under the service contract in Hong Kong.

### **Non- executive Director**

#### ***Mr. Gan Tiong Sia (“Mr. Gan”)***

Mr. Gan Tiong Sia, aged 48, has been a member of the Board since year 2001. After graduation from secondary school, Mr. Gan joined VS Berhad as a management trainee. Mr. Gan was subsequently promoted as the marketing manager of VS Berhad in 1986 and became a director of VS Berhad in February 1988.

Mr. Gan is a director of V.S. Corporation (HK) Co. Limited, a wholly-owned subsidiary of the Company.

Save as disclosed above, in the three years immediately preceding the Latest Practicable Date, Mr. Gan had not held any directorship in listed public companies or other major appointments and qualifications.

As at the Latest Practicable Date, Mr. Gan was interested in 27,400,775 Shares and underlying Shares pursuant to Part XV of the SFO, representing approximately 3.16% of the entire issued share capital of the Company as at the Latest Practicable Date. Mr. Gan is the brother of Madam Gan Chu Cheng and Mr. Gan Sem Yam, and the brother-in-law of Mr. Beh Kim Ling, all being executive Directors. Mr. Gan is an executive director and a shareholder of VS Berhad. Save as disclosed above, Mr. Gan was not related to any other directors, senior management, substantial shareholders or controlling shareholders of the Company as at the Latest Practicable Date.

Mr. Gan has entered into an appointment letter with the Company for a fixed term of one year commencing from 1 August 2006, unless terminated by not less than two months' notice in writing served by either party to the other. Mr. Gan is currently entitled to an annual director's fee of \$180,000 which is determined with reference to his performance and contribution to the Group.

Save as disclosed above, the Company is not aware of any other matters that need to be brought to the attention of the holders of the Shareholders in relation to the re-election of each of Madam Gan, Mr. Zhang and Mr. Gan and there is no information which is discloseable nor is/was Madam Gan, Mr. Zhang and Mr. Gan involved in any matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

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## NOTICE OF ANNUAL GENERAL MEETING

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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)**

### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting of V.S. International Group Limited (“**Company**”) will be held at Star City Hotel, No. 88, Jingshan Road, Jida, Zhuhai, Guangdong Province, the People’s Republic of China on Friday, 28 November 2008 at 11:00 a.m. for the following purposes:

1. to receive and approve the audited consolidated financial statements and the reports of the directors (“**Directors**”) of the Company and the Company’s auditors for the year ended 31 July 2008;
2. to consider and approve, each as a separate resolution, if thought fit, the following resolutions:
  - (a) to re-elect Madam Gan Chu Cheng as director;
  - (b) to re-elect Mr. Zhang Pei Yu as director;
  - (c) to re-elect Mr. Gan Tiong Sia as director; and
  - (d) to authorise the board of directors to fix the directors’ remuneration;
3. to re-appoint the Company’s auditors and to authorise the board of Directors to fix their remuneration;

and, as special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

4. **“THAT:**
  - (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with the unissued shares in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for shares in the Company, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options, including warrants to subscribe for shares in the Company, which might require the exercise of such powers after the end of the Relevant Period;
  
- (c) the aggregate nominal amount of share capital allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) below); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on shares in the Company in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares in the Company shall not exceed the aggregate of:
  - (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and
  
  - (bb) (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate nominal amount of any share capital of the Company purchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution),and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
  
- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
  
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands or any other applicable law of the Cayman Islands to be held; or

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## NOTICE OF ANNUAL GENERAL MEETING

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- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution;

“**Rights Issue**” means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares in the Company open for a period fixed by the directors of the Company to holders of shares in the Company whose names appear on the Company’s register of members on a fixed record date in proportion to their then holdings of shares in the Company (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

5. “**THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (c) below) of all powers of the Company to purchase shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission of Hong Kong, the Stock Exchange, the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) (“**Companies Law**”) of the Cayman Islands and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares in the Company which may be purchased or agreed to be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

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## NOTICE OF ANNUAL GENERAL MEETING

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- (c) for the purposes of this resolution, “**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law or any other applicable law of the Cayman Islands to be held; or
  - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution.”
6. “**THAT** conditional on the passing of resolutions numbered 4 and 5 above, the general mandate granted to the directors of the Company pursuant to paragraph (a) of resolution numbered 4 above be and it is hereby extended by the addition to the aggregate nominal amount of the shares in the capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to or in accordance with such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company purchased by the Company pursuant to or in accordance with the authority granted under paragraph (a) of resolution numbered 5 above.”
7. “**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, such number of shares of the Company which may fall to be allotted and issued pursuant to the exercise of the options which may be granted under the share option scheme adopted by the Company on 20 January 2002 (“**Share Option Scheme**”), representing 10% of the issued share capital of the Company as at the date on which this resolution is passed, pursuant to Clause 8.2 of the Share Option Scheme:
- (a) approval be and is hereby granted for refreshing the 10% mandate under the Share Option Scheme (“**Refreshed Scheme Mandate**”) provided that the total number of shares of the Company which may be allotted and issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company and its subsidiaries (“**Group**”) under the limit as refreshed hereby shall not exceed 10% of the total number of issued shares of the Company as at the date on which this resolution is passed (options previously granted under the Share Option Scheme and any other share option schemes of the Group (including options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other share option schemes of the Group) shall not be counted for the purpose of calculating the Refreshed Scheme Mandate); and



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## NOTICE OF ANNUAL GENERAL MEETING

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- (b) the directors of the Company or a duly authorised committee thereof be and they are hereby authorised: (i) at their absolute discretion, to grant options to subscribe for shares of the Company within the Refreshed Scheme Mandate in accordance with the rules of the Share Option Scheme, and (ii) to allot, issue and deal with shares of the Company pursuant to the exercise of options granted under the Share Option Scheme within the Refreshed Scheme Mandate.”

Yours faithfully  
For and on behalf of  
the Board of Directors of  
**V.S. International Group Limited**  
**Beh Kim Ling**  
*Chairman*

Zhuhai, the People’s Republic of China  
6 November, 2008

***Registered office:***

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

***Head office and principal place  
of business in Hong Kong:***

4106, 41st Floor  
Office Tower, Convention Plaza  
1 Harbour Road  
Wanchai  
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 proxy to attend and vote instead of him. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the meeting. A proxy need not be a member of the Company but must be present in person to represent him.
2. 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 Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited (“**Branch Registrar**”) of Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 48 hours before the time of the meeting or any adjournment thereof.
3. In relation to the proposed resolution numbered 2 above, the register of members of the Company will be closed from Wednesday, 26 November 2008 to Friday, 28 November 2008, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for voting at the meeting convened by the above notice, all transfers of shares accompanied by the relevant share certificates must be lodged with the Branch Registrar no later than 4:30 p.m. on Tuesday, 25 November 2008.
4. In relation to the proposed resolutions numbered 4 and 6 above, approval is being sought from the shareholders for the grant to the Directors of a general mandate to authorise the allotment and issue of shares under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”). The Directors have no immediate plans to issue any new shares other than shares which may fall to be issued under the share option scheme of the Company.

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## NOTICE OF ANNUAL GENERAL MEETING

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5. In relation to the proposed resolution numbered 5 above, the Directors wish to state that they will exercise the powers conferred thereby to purchase shares in circumstances which they deem appropriate for the benefit of the shareholders. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision to vote on the proposed resolution as required by the Listing Rules is set out in a circular to the shareholders.
  
6. As at the date of this notice, the board of Directors comprises Mr. Beh Kim Ling, Mr. Gan Sem Yam, Madam Gan Chu Cheng and Mr. Zhang Pei Yu as executive Directors, Mr. Gan Tiong Sia as non-executive Director, and Mr. Diong Tai Pew, Mr. Cheung Kwan Hung, Anthony and Mr. Tang Sim Cheow as independent non-executive Directors.