



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)

GENERAL DISCLOSURE UNDER RULE 13.09(1): MEMORANDUM OF UNDERSTANDING

The board (“Board”) of directors of V.S. International Group Limited (the “Company”) announces that the Company has entered into a memorandum of understanding (“MOU”) with Saigon Invest Group (being a leading industrial park developer in the Socialist Republic of Vietnam), and V.S. Industry Berhad, a controlling shareholder of the Company, on 16 November 2006 in respect of a proposed setting up of a joint venture company (“Proposed JV Company”) in the Socialist Republic of Vietnam. The Proposed JV Company will invest in the (i) building of urban area, apartment, trade centre, hotel in Phuc Ninh Urban area; (ii) building of a car manufacturing factory; (iii) building of an electronics manufacturing factory; and (iv) development of natural resources business such as mining and forestry.

The total investment of the Proposed JV Company would be in the region of USD200 million, which is to be contributed amongst the parties in a ratio to be agreed. Under the MOU, it was agreed that Saigon Invest Group shall make contribution to the capital investment of the Proposed JV Company and to carry out procedures to form the Proposed JV Company and procedures concerning projects of the Proposed JV Company; the Company and V.S. Industry Berhad shall make contribution to the capital investment of the Proposed JV Company and to decide technology, production lines, management staff for the Proposed JV Company. The term of the Proposed JV Company is 50 years from the date of receipt of the Investment License issued by The Government of Socialist Republic of Vietnam.

The MOU is not legally binding and is valid within 12 months from the date of signing, or such extension as the parties may agree in writing.

All parties have agreed under the MOU to adhere to the spirit of the MOU and use their best endeavours to enter into a formal agreement in relation to the Proposed JV Company. However, there cannot be any assurance that such formal agreement will be agreed upon and entered into between the parties. The Company will make further announcement(s) as and when appropriate to keep shareholders of the Company informed.

The Board wishes to emphasise that since the MOU is not legally binding and the transactions under the MOU may or may not proceed, public investors and shareholders of the Company are urged to exercise caution when dealing in the shares of the Company.

This announcement is made pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As at the date of this announcement, the Board comprises the following members:

Executive directors:

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

Independent non-executive directors:

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

Non-executive director:

Mr. Gan Tiong Sia

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

Zhuhai, 16 November 2006

Please also refer to the published version of this announcement in The Standard.