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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.

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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)

**ALTERATIONS TO THE ARTICLES OF ASSOCIATION,
GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES AND
RE-ELECTION OF DIRECTORS**

Notice of the annual general meeting of V.S. International Group Limited to be held at V.S. Technology Industry Park (Zhuhai) Co., Ltd., Beisha Village, Tangjia Wan Town, Xiangzhou District, Zhuhai, Guangdong Province, the People's Republic of China on Monday, 8th November, 2004 at 10:30 a.m. is set out on pages 14 to 22 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.

15th October, 2004

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DEFINITIONS

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 14 to 22 of this circular
“Annual General Meeting”	the annual general meeting of the Company convened to be held at 10:30 a.m. on Monday, 8th November, 2004 at V.S. Technology Industry Park (Zhuhai) Co., Ltd., Beisha Village, Tangjia Wan Town, Xiangzhou District, Zhuhai, Guangdong Province, the People’s Republic of China
“Articles”	the articles of association of the Company adopted pursuant to a written resolution of the members of the Company passed on 20th January, 2002 and altered pursuant to a special resolution of the Shareholders passed on 22nd November, 2002
“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
“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
“Final Dividend”	the proposed final dividend of 0.5 cent per Share for the year ended 31st July, 2004
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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

DEFINITIONS

“Latest Practicable Date”	12th October, 2004, 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
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited of 46th 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 the 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 of the relevant resolution at the Annual General Meeting
“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 Hong Kong Code on Takeovers and Mergers
“\$” and “cents”	Hong Kong dollars and cents, respectively
“%”	per cent.

LETTER FROM THE BOARD



V.S. International Group Limited
威 鉞 國 際 集 團 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

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

Registered Office:

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681GT
George Town
Grand Cayman
British West Indies

***Head Office and Principal Place of
Business in Hong Kong:***

4106, 41st Floor
Office Tower, Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

15th October, 2004

To the Shareholders

Dear Sir/Madam,

**ALTERATIONS TO THE ARTICLES OF ASSOCIATION,
GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES AND
RE-ELECTION OF DIRECTORS**

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) a special resolution relating to the proposed alterations to the Articles and (b) ordinary resolutions relating to the proposed grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate.

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.

LETTER FROM THE BOARD

2. ALTERATIONS TO THE ARTICLES

As announced by the Stock Exchange in its press release dated 30th January, 2004, the Stock Exchange has revised the Listing Rules based on the results of the Consultation Conclusions on Proposed Amendments to the Listing Rules relating to Corporate Governance Issues issued in January 2003. Such revisions to the Listing Rules took effect on 31st March, 2004 and include revisions to Appendix 3 to the Listing Rules which sets out the requirements that the articles of association or, as the case may be, bye-laws of listed issuers or listing applicants shall comply with.

To ensure compliance with the revised Appendix 3 to the Listing Rules, listed issuers must alter their articles of association or, as the case may be, bye-laws at the earliest opportunity and, in any event, no later than the conclusion of their next annual general meeting after 31st March, 2004.

In order to align the Articles with the requirements of the revised Appendix 3 to the Listing Rules, the Board proposes to alter the Articles at the Annual General Meeting. In general, the proposed alterations to the Articles are to make the Articles conform to the following in relation to corporate governance:

- (a) the minimum seven-day period for lodgment by the Shareholders of notice to nominate a Director shall commence no earlier than the date after the despatch of the notice of the meeting appointed for such election and end no later than seven days before the date of such meeting;
- (b) a Director shall abstain from voting at the meeting of the Board on any matter in which he or any of his associates has a material interest and shall not be counted towards the quorum of the relevant meeting of the Board; and
- (c) where any Shareholder is, under the revised Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or against any particular resolution, any vote cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted.

A full text of the proposed amendments to the Articles is set out in resolution numbered 5 in the AGM Notice set out on pages 14 to 22 of this circular.

3. 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 820,000,000 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 164,000,000 Shares, representing 20% of the Shares in issue as at the Latest Practicable Date.

LETTER FROM THE BOARD

4. 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 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.

5. ACTIONS TO BE TAKEN

Set out on pages 14 to 22 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 alterations to the Articles; and
- (b) the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate.

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 alterations of the Articles and the grant of the Issue Mandate and the Repurchase Mandate are in the best interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

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 31st July, 2004, 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 special resolution approving the alterations to the Articles and the ordinary resolutions approving the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate at the Annual General Meeting.

7. RE-ELECTION OF DIRECTORS

In accordance with Article 108(A) of the Articles, Messrs Diong Tai Pew and Cheung Kwan Hung, Anthony will retire as Directors by rotation and, being eligible, offer themselves for re-election as Directors at the Annual General Meeting.

Further, according to Article 112 of the Articles, any Director appointed by the Directors to fill casual vacancy in the Company, under that Article, shall hold office only until the next following annual general meeting and shall then be eligible for re-election at the meeting. Pursuant to this Article, the office of directorship of Mr Tang Sim Cheow, who was appointed as an independent non-executive Director by the Directors on 30 September 2004, will end at the Annual General Meeting. Mr Tang Sim Cheow, being eligible for re-election, offers himself for re-election at the Annual General Meeting.

Certain particulars of each of Messrs Diong Tai Pew, Cheung Kwan Hung, Anthony and Tang Sim Cheow are set out in Appendix III to this circular.

8. CLOSURE OF THE REGISTER OF MEMBERS

In order to ascertain the entitlements to the Final Dividend, the register of members of the Company will be closed from 4th November, 2004 to 8th November, 2004 (both dates inclusive) during which period no transfer of Shares will be registered.

Shareholders are reminded that in order to qualify for the Final Dividend, all transfers of Shares accompanied by the relevant share certificate and transfer forms must be lodged with the Registrar no later than 4:00 p.m. on 3rd November, 2004.

LETTER FROM THE BOARD

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the memorandum of association of the Company and the Articles will be available for inspection at the principal place of business in Hong Kong of the Company at 4106, 41st Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong during normal business hours on any business day from the date hereof up to and including the date of the Annual General Meeting.

10. 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 of
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 listing is 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 recognized 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 820,000,000 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 82,000,000 Shares.

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 31st July, 2004, 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 date of this circular were as follows:

2003	Highest	Lowest
	\$	\$
October	0.330	0.265
November	0.325	0.300
December	0.320	0.285
 2004		
January	0.305	0.275
February	0.320	0.260
March	0.300	0.203
April	0.232	0.196
May	0.238	0.211
June	0.215	0.180
July	0.240	0.182
August	0.205	0.168
September	0.200	0.164
October (<i>Note</i>)	0.178	0.172

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 Rules 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, V.S. Industry Berhad (“**VS Berhad**”) held approximately 45.37% of the then existing issued Shares. On the basis that there were 820,000,000 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 50.41% 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. Shares repurchase made by the Company

The Company had not purchased any of the Shares (whether on the Stock Exchange or otherwise) during the twelve months preceding the date of this circular.

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 and articles of association of the Company.

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 of the Company a resolution put to the vote of the meeting shall be decided on a show of hands unless 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 authorized 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 authorized 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 a Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy and holding Shares in the Company 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.

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

Mr Diong Tai Pew

Mr Diong Tai Pew, aged 53, is an independent non-executive Director. Mr Diong graduated with a Diploma in Commerce from Tunku Abdul Rahman College, Malaysia in 1976. Mr Diong is a fellow member of the Chartered Association of Certified Accountants in the United Kingdom and Malaysian Institute of Taxation in Malaysia. Mr Diong is also a member of Malaysian Institute of Accountants, the Institute of Certified Public Accountants of Singapore and the Institute of Chartered Secretaries and Administrators in the United Kingdom. Mr Diong has more than 25 years of experience in audit and investigation work, taxation, merger and acquisition as well as business development. Mr Diong is the principal partner of UHY Diong, an accounting and consulting group in Singapore and Malaysia. Mr Diong is currently an independent non-executive director of Toyochem Corporation Berhad, a company listed on the second board of Bursa Malaysia. Save as disclosed herein, Mr Diong had not held any directorship in any other listed companies during the last three years preceding the Latest Practicable Date.

As at the Latest Practicable Date, Mr Diong was not interested in shares or underlying shares of the Company pursuant to Part XV of the SFO.

Mr Diong is not related to the other Directors or any senior management or substantial or controlling Shareholders of the Company.

Mr Diong has not entered into any service contract with the Company or any other members of the Group and is not appointed for a specific term of directorship, but is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Articles. Mr Diong is entitled to an annual director's fee of \$120,000 which was determined with reference to the time spent by Mr Diong on the affairs of the Company.

Mr Cheung Kwan Hung, Anthony

Mr Cheung Kwan Hung, Anthony, aged 53, is an independent non-executive Director. Mr Cheung is a member of the Chartered Association of Certified Accountants in the United Kingdom and a member of the Hong Kong Institute of Certified Public Accountants. Mr Cheung has approximately 15 years of experience in investment banking industry. He also has experience in integrated circuit design and fabrication industry when he was a director and the general manager of a listed company. Mr Cheung is currently a director of NewOcean Green Energy Holdings Limited, a company with its shares listed on the main board of the Stock Exchange. Save as disclosed herein, Mr Cheung had not held any directorship in any other listed companies during the last three years preceding the Latest Practicable Date.

As at the Latest Practicable Date, Mr Cheung was not interested in shares or underlying shares of the Company pursuant to Part XV of the SFO.

Mr Cheung is not related to the other Directors or any senior management or substantial or controlling Shareholders of the Company.

Mr Cheung has not entered into any service contract with the Company or any other members of the Group and is not appointed for a specific term of directorship, but is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Articles. Mr Cheung is entitled to an annual director's fee of \$180,000 which was determined with reference to the time spent by Mr Cheung on the affairs of the Company.

Mr Tang Sim Cheow

Mr Tang Sim Cheow, aged 45, is an independent non-executive Director. Mr. Tang graduated from the University of Malaya with a Bachelor of Accounting (First Class Honors) in 1984. He is a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and a fellow member of the Malaysian Institute of Taxation. Mr Tang joined KPMG Kuala Lumpur upon graduation and was promoted to tax manager in 1988. In 1992, he was seconded to KPMG Johor Bahru to head the tax practice of the Johor Bahru Branch and was promoted to tax director in 1995. In 2000, Mr. Tang started his own accounting firm under the name S C Tang & Associates.

Mr Tang is currently an independent non-executive director of VS Berhad, a substantial Shareholder which is listed on the main board of Bursa Malaysia. Save as disclosed herein, Mr Tang had not held any directorship in any other listed companies during the last three years preceding the Latest Practicable Date.

As at the Latest Practicable Date, Mr Tang was not interested in shares or underlying shares of the Company pursuant to Part XV of the SFO.

Mr Tang is not related to the other Directors or any senior management or substantial or controlling Shareholders of the Company.

Mr Tang has not entered into any service contract with the Company or any other members of the Group and is not appointed for a specific term of directorship, but is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Articles. Mr Tang is entitled to an annual director's fee of \$120,000 which was determined with reference to the time spent by Mr Tang on the affairs of the Company.

NOTICE OF ANNUAL GENERAL MEETING



V.S. INTERNATIONAL GROUP LIMITED

威鉞國際集團有限公司

(incorporated in the Cayman Islands with limited liability)

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 V.S. Technology Industry Park (Zhuhai) Co., Ltd., Beisha Village, Tangjia Wan Town, Xiangzhou District, Zhuhai, Guangdong Province, The People’s Republic of China on 8th November, 2004 at 10:30 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 31st July, 2004;
2. to approve the declaration of a final dividend for the year ended 31st July, 2004 of HK0.5 cent per Share of HK\$0.05 each in the capital of the Company;
3. to re-elect the retiring Directors and to authorise the board of Directors to fix the Directors’ remuneration;
4. 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 and/or special resolutions respectively:

SPECIAL RESOLUTION

5. **“THAT** the articles of association of the Company be and they are altered in the following manner:
 - (a) Article 1(A) be amended by:
 - i. deletion of the definition of “associates” and insertion of the following in its place:

““associates”, in relation to any Director, shall have the meaning as ascribed to it in the Listing Rules;”;
 - ii. deletion of the definition of “clearing house” and insertion of the following in its place:

““clearing house” shall mean a clearing house recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted with the permission of the Company on a stock exchange in such jurisdiction;”;

and
 - iii. insertion of the following definitions immediately before the definition of “month”:

““Hong Kong” shall mean the Hong Kong Special Administrative Region of the People’s Republic of China;

NOTICE OF ANNUAL GENERAL MEETING

“Listing Rules” shall mean the rules governing the listing of securities on the main board operated by the stock exchange in the Relevant Territory from time to time, the appendices thereto or other contractual arrangement entered into with any party pursuant thereto, and rulings of such stock exchange made in pursuance thereof and applicable to the Company;”;

(b) Article 13 be amended by:

i. deleting the following semi-colon and word at the end of clause 13 (vii) of the Article.

“; and” and replacing it with a “.”;

ii. deleting clause 13 (viii) of the Article in its entirety and replacing it with the following sentence:

“The Company may apply the share premium account in any manner permitted by the Statutes. The Company shall at all times comply with the provisions of the Statutes in relation to its share premium account.”;

(c) Article 84 be deleted in its entirety and replaced with the following:

“84. (A) Subject to paragraph (B) of this Article 84, no objection shall be raised to the qualification of any person exercising or purporting to exercise a vote or the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman, whose decision shall be final and conclusive.

(B) At all times during the Relevant Period (but not otherwise), where any shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder (whether by way of proxy or, as the case may be, corporate representative) in contravention of such requirement or restriction shall not be counted.”;

(d) Paragraphs (D), (E), (G), (H), (I), (J), (K) and (L) of Article 107 be deleted in their entirety and replaced by the following respectively:

“(D) A Director shall not vote or be counted in the quorum on any resolution of the Directors concerning his own appointment or the appointment of any of his associates as the holder of any office or place of profit with the Company or any other company in which the Company is interested (including the arrangement or variation of the terms thereof, or the termination thereof).

(E) Where arrangements are under consideration concerning the appointment (including the arrangement, remuneration or variation of the terms thereof, or the termination thereof) of two or more Directors or any of the associate(s) of any such Director(s) to offices or places of profit with the Company or any other company in which the Company is interested, a separate resolution may be put in relation to each Director or, as the case may be, the associate(s) of such Director and in such case each of the

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Directors concerned shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment or the appointment of any of his associates (or the arrangement or variation of the terms thereof, or the termination thereof) and (in the case of an office or place of profit with any such other company as aforesaid) where the other company is a company in which the Director and his associates in aggregate own five (5) per cent. or more of the issued shares of any class of the voting equity share capital of such company or of the voting rights of any class of shares of such company (other than shares which carry no voting rights at general meetings and no or nugatory dividend and return of capital rights).

- (G) If to the knowledge of a Director, he or any of his associates, is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company, he shall declare the nature of his or, as the case may be, his associate(s)' interest at the meeting of the Directors at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest or that of his associate(s) then exists, or in any other case at the first meeting of the Directors after he knows that he or his associate(s) is or has become so interested. For the purposes of this Article, a general notice to the Directors by a Director to the effect that (a) he or his associate(s) is a shareholder of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with that company or firm or (b) he or his associate(s) is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with a specified person who is connected with him or any of his associate(s), shall be deemed to be a sufficient declaration of interest under this Article in relation to any such contract or arrangement; provided that no such notice shall be effective unless either it is given at a meeting of the Directors or the Director takes reasonable steps to secure that it is brought up and read at the next meeting of the Directors after it is given.
- (H) A Director shall not vote (nor be counted in the quorum) on any resolution of the Directors approving any contract or arrangement or proposal in which he or any of his associate(s) is to his knowledge materially interested, and if he shall do so his vote shall not be counted (nor is he counted in the quorum for that resolution), but this prohibition shall not apply to any of the following matters namely:
- (i) any contract or arrangement for the giving by the Company of any security or indemnity to the Director or his associate(s) in respect of money lent or obligation undertaken by him or any of them at the request of or for the benefit of the Company or any company in which the Company has interest;
 - (ii) any contract or arrangement for the giving by the Company of any security or indemnity to a third party in respect of a debt or obligation of the Company or any company in which the Company has interest for which the Director or his associate(s) has himself/themselves guaranteed or secured or otherwise assumed responsibility in whole or in part and whether alone or jointly under a guarantee or by the giving of security;

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- (iii) any contract or arrangement by the Director or his associate(s) to subscribe for shares or debentures or other securities of the Company to be issued pursuant to any offer or invitation to the shareholders or debenture or securities holders of the Company or to the public which does not provide the Director and his associate(s) any privilege not accorded to any other shareholders or debenture or securities holders of the Company or to the public;
- (iv) any contract or arrangement concerning an offer of the shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer and/or for the purposes of making any representations, the giving of any covenants, undertakings or warranties or assuming any other obligations in connection with such offer;
- (v) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their respective interest in shares or debentures or other securities of the Company and/or his/their being the offeror or one of the offerors or is interested in one of the offerors for the purchase or effective acquisition of such shares, debentures or other securities;
- (vi) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly or as an officer or an executive or a shareholder in which the Director or his associate(s) is/are beneficially interested in shares of that company provided that, such Director and any of his associates are not in aggregate beneficially interested in five (5) per cent. or more of the issued shares of any class of the voting equity share capital of such company or of the voting rights of any class of shares of such company (other than shares which carry no voting rights at general meetings and no or nugatory dividend and return of capital rights);
- (vii) any proposal or arrangement for the benefit of employees of the Company or its subsidiaries including the adoption, modification or operation of a pension fund or retirement, death or disability benefit scheme or personal pension plan under which a Director, his associate(s) and employees of the Company or of any of its subsidiaries may benefit and which has been approved by or is subject to and conditional on approval by the relevant taxing authorities for taxation purposes or relates to Directors, associate(s) of Directors and employees of the Company or of any of its subsidiaries and does not give the Director or his associate(s) any privilege not accorded to the class of persons to whom such scheme or fund relates;
- (viii) any proposal concerning the adoption, modification or operation of any employees' share scheme involving the issue or grant of options over shares or other securities by the Company to, or for the benefit of the employees of the Company or its subsidiaries under which the Director or his associate(s) may benefit; and

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- (ix) any contract, transaction or proposal concerning the purchase and/or maintenance of any insurance policy for the benefit of any Director, his associate(s), officer or employee pursuant to these Articles.
- (I) A company shall be deemed to be a company in which a Director and his associates in aggregate own five (5) per cent. or more of any class of the voting equity share capital of such company or of the voting rights of any class of shares of such company if and so long as (but only if and so long as) he and his associates are (either directly or indirectly) the holder of or beneficially interested in five (5) per cent. or more of any class of the issued voting equity share capital of such company (or of any third company, other than the Company or any of its subsidiaries, through which his interest is derived) or of the voting rights of any class of shares of the company. For the purpose of this paragraph there shall be disregarded any shares held by a Director or any of his associate(s) as bare or custodian trustee and in which he or such associate(s) has/have no beneficial interest, any shares comprised in a trust in which the interest of the Director or any of his associates is in reversion or remainder if and so long as some other person is entitled to receive the income thereof, any shares comprised in an authorised unit trust scheme in which the Director or any of his associates is interested only as a unit holder, and shares which carry no voting right at general meetings and no or nugatory dividend and return of capital rights.
- (J) Where a company (other than a company which is a wholly owned subsidiary of the Company or a subsidiary or associated company of the Company in the voting equity capital of which neither the Director nor any of his associates has any interests) in which a Director and any of his associates in aggregate hold five (5) per cent. or more of any class of the voting equity share capital of such company or of the voting rights of any class of shares available to shareholders of the company is materially interested in a transaction, then that Director shall also be deemed materially interested in such transaction.
- (K) If any question shall arise at any meeting of the Directors as to the materiality of the interest of a Director or any of his associates or as to the entitlement of any Director to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question (unless it relates to the Chairman) shall be referred to the Chairman and his ruling in relation to such Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned or his associate(s) as known to such Director has not been fairly disclosed to the other Directors. If any question as aforesaid shall arise in respect of the Chairman such question shall be decided by a resolution of the Directors (for which purpose the Chairman shall not be counted in the quorum and shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of the Chairman or his associates as known to him has not been fairly disclosed to the other Directors.
- (L) The provisions of paragraphs (D), (E), (H), (I), (J) and (K) of this Article 107 shall apply during the Relevant Period but not otherwise. In respect of all periods other than the Relevant Period, a Director may vote in respect

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of any contract, arrangement or transaction or proposed contract, arrangement or transaction notwithstanding that he or any of his associates is or may be interested therein and, if he does so, his vote shall be counted and he may be counted in the quorum at any meeting of the Directors at which any such contract, arrangement or transaction or proposed contract, arrangement or transaction shall come before the meeting for consideration provided that he has, where relevant, first disclosed his interest in accordance with paragraph (G).”;

- (e) Article 113 be amended by deletion of the words “at least seven (7) clear days before the date of the general meeting.” and insertion of the following in their place:

“during a period of at least seven days commencing no earlier than the day immediately after the despatch of the notice of the general meeting and ending no later than seven days before the date of such general meeting.”;

- (f) Article 175 be amended by deletion of the words “International Accounting Standards” in paragraph (A) and insertion of the words “International Financial Reporting Standards” in their place;
- (g) Article 180 be amended by insertion of the words, “interim report (and where applicable, a summary interim report)” immediate after the words “the Company’s directors’ report, annual financial statements, auditors’ report” in paragraph (B)(iii); and
- (h) Article 183 be amended by insertion of the words “by electronic means or” immediately after before the words “by sending it through the post in a prepaid envelope or wrapper addressed to him” in that paragraph.

(a copy of the revised articles of association of the Company, with mark-up indicating the above proposed amendments having been produced to the meeting marked “A” and signed by the chairman of the meeting for the purposes of identification).”

ORDINARY RESOLUTIONS

6. **“THAT:**

- (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with the unissued shares (each a “Share”) of HK\$0.05 each in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (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, which might require the exercise of such powers after the end of the Relevant Period;

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- (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; 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 accordance with the articles of association of the Company in force from time to time; or (iv) any issue of Shares 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 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
- (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, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the directors of the Company to holders of Shares on the Company’s register of members on a fixed record date in proportion to their then holdings of Shares (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).”

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7. **“THAT:**
- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period of all powers of the Company to purchase shares (each a **“Share”**) of HK\$0.05 each 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 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
 - (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.”
8. **“THAT** conditional on the passing of resolution numbered 6 above, the general mandate granted to the directors of the Company pursuant to paragraph (a) of resolution numbered 6 above be and it is hereby extended by the addition to the aggregate nominal amount of the shares of HK\$0.05 each 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 or agreed to be purchased by the Company pursuant to or in accordance with the authority granted under paragraph (a) of resolution numbered 7 above.”

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

Zhuhai, the PRC
15th October, 2004

NOTICE OF ANNUAL GENERAL MEETING

Registered office:

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681GT
George Town
Grand Cayman
British West Indies

**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 member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
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 46th 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 4th November, 2004 to 8th November, 2004, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Branch Registrar no later than 4:00 p.m. on 3rd November, 2004.
4. In relation to the proposed resolutions numbered 6 and 8 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 ("**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. 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.
5. In relation to the proposed resolution numbered 7 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 despatched to the shareholders.