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

(incorporated in the Cayman Islands with limited liability)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 JANUARY 2004

INTRODUCTION

The board ("**Board**") of directors ("**Directors**") of V.S. International Group Limited ("**Company**") is pleased to announce the consolidated income statement (unaudited) of the Company and its subsidiaries (together, "**Group**") for the six months ended 31 January 2004, which has not been audited by the auditors of the Group, KPMG, but has been reviewed by KPMG and the audit committee ("**Audit Committee**") of the Board.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Note	**Six months ended 31 January** **2004** ***HK$'000***	2003 *HK$'000*
Turnover	*2*	**519,282**	594,188
Cost of sales		**(445,826)**	(521,351)
		73,456	72,837
Other net income		**1,501**	876
Distribution expenses		**(9,983)**	(10,902)
Administrative expenses		**(36,724)**	(34,679)
Profit from operations		**28,250**	28,132
Non-operating expenses		**(4,042)**	–
Finance costs	*3(a)*	**(20,014)**	(11,218)
Profit from ordinary activities before taxation	*3*	**4,194**	16,914
Taxation	*4*	**(2,139)**	(151)
Profit from ordinary activities after taxation		**2,055**	16,763
Minority interests		**(97)**	976
Profit attributable to shareholders	*6*	**1,958**	17,739
Dividends attributable to the period:	*5*		
Dividend declared during the period		**4,100**	4,100
Interim dividend proposed after the balance sheet date		**–**	–
Earnings per share	6		
– Basic		**HK0.24 cents**	HK2.16 cents
– Diluted		**N/A**	N/A

Notes:–

1 Basis of presentation

(a) This interim financial result is unaudited, but has been reviewed by KPMG in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports", issued by the Hong Kong Society of Accountants ("**HKSA**").

The interim financial result has been prepared in accordance with the requirements of the Rules Governing the Listing of Securities ("**Listing Rules**") on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"), including compliance with Statement of Standard Accounting Practice ("**SSAP**") 25 "Interim financial reporting" issued by the HKSA.

The financial information relating to the financial year ended 31 July 2003 included in the interim financial result does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 July 2003 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 26 September 2003.

The same accounting policies adopted in the annual financial statements for the year ended 31 July 2003 have been applied to the interim financial result except as disclosed under note 1(b).

The notes on the interim financial result include an explanation of events and transactions that are significant to all understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended 31 July 2003.

(b) Adoption of new accounting standards in Hong Kong

The HKSA issued SSAP 12 "Income taxes" in August 2002, which supersedes the previous SSAP 12 "Accounting for deferred taxes". The new standard became effective for accounting period beginning on or after 1 January 2003. The Group has therefore adopted the new standard for preparation of the Group's interim financial result for the six months ended 31 January 2004.

In prior years, deferred tax liabilities were provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatments of income and expenditure, which were expected with reasonable probability to crystallise in the foreseeable future. Deferred tax assets were not recognised unless their realisation was assured beyond reasonable doubt. With effect from 1 August 2003, in order to comply with SSAP 12 (revised) issued by the HKSA, the Group has adopted a new policy for deferred tax.

Under SSAP 12 (revised), deferred tax assets and liabilities arise from deductible and taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases respectively. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

The new accounting policy has been adopted retrospectively. Adoption of the new accounting policy did not have a material effect on the Group's balance of retained profits and reserves at 1 August 2003.

2 Segment information

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decisions.

(a) Business segments

The Group comprises the following main business segments:

Plastic injection and moulding	: manufacture and sales of plastic moulded products and parts
Assembling of electronic products	: assembling and sales of electronic products
Mould design and fabrication	: manufacture and sales of plastic injection moulds

	Plastic injection and moulding Six months ended 31 January		Assembling of electronic products Six months ended 31 January		Mould design and fabrication Six months ended 31 January		Inter-segment elimination Six months ended 31 January		Total Six months ended 31 January	
	2004	2003	**2004**	2003	**2004**	2003	**2004**	2003	**2004**	2003
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover from external customers	**364,170**	276,223	**150,049**	301,352	**25,590**	18,197	**(20,527)**	(1,584)	**519,282**	594,188
Segment result	**48,755**	43,859	**6,887**	13,659	**2,815**	1,502	**–**	–	**58,457**	59,020
Unallocated operating income and expenses									**(30,207)**	(30,888)
Profits from operations									**28,250**	28,132
Non-operating expenses									**(4,042)**	–
Finance costs									**(20,014)**	(11,218)
Taxation									**(2,139)**	(151)
Minority interests									**(97)**	976
Profit attributable to shareholders									**1,958**	17,739
Depreciation for the period	**20,437**	13,327	**5,172**	4,055	**2,956**	1,786	**–**	–	**28,565**	19,168
Unallocated depreciation and amortisation expenses									**4,703**	3,116
									33,268	22,284

(b) Geographical segments

The Group's business is conducted in five (2003: five) major economic environments.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

Revenue from external customers is analysed as follows:

	Six months ended 31 January	
	2004	2003
	HK$'000	*HK$'000*
People's Republic of China ("**PRC**") (other than Taiwan and Hong Kong)	**314,660**	195,081
Hong Kong	**155,782**	313,279
South East Asia	**25,521**	23,043
Japan	**14,862**	44,094
Taiwan	**6,603**	12,758
Others	**1,854**	5,933
	519,282	594,188

3 Profit from ordinary activities before taxation

Profit from ordinary activities before taxation is arrived at after charging/(crediting):

	Six months ended 31 January	
	2004	2003
	HK$'000	*HK$'000*
(a) Finance costs:		
Interest on bank advances and other borrowings repayable within five years	**12,282**	8,970
Interest on bank advances and other borrowings repayable over five years	**2,880**	–
Interest on other loans	**1,059**	1,184
Obligation under finance leases	**641**	254
Total borrowing costs	**16,862**	10,408
Less: Borrowing costs capitalised as construction in progress *	**(387)**	(1,627)
	16,475	8,781

	2004	2003
Exchange losses	**2,413**	909
Other charges	**1,126**	1,528
	20,014	11,218

* The borrowing costs have been capitalised at an average cost of borrowings to the Group of 4.7% (2003: 5.5%) per annum for construction in progress.

(b) Other items:

	Six months ended 31 January	
	2004	2003
	HK$'000	*HK$'000*
Processing fee	**16,063**	15,506
Depreciation	**33,131**	22,284
Operating lease charges in respect of properties	**5,163**	5,843
Amortisation of goodwill	**137**	–

4 Taxation

Income tax expense in the consolidated income statement (unaudited) represents:

	Six months ended 31 January	
	2004	2003
	HK$'000	*HK$'000*
Provision for PRC income tax	**2,298**	151
Deferred taxation	**(159)**	–
	2,139	151

No provision has been made for Hong Kong profits tax as the Group did not earn income subject to Hong Kong profits tax during the six months ended 31 January 2004 and 2003.

Taxable income of the subsidiaries of the Company in the PRC is subject to PRC income tax. Subsidiaries of the Company in the PRC which are foreign investment enterprises are granted certain tax relief, under which they are entitled to income tax exemption for two years commencing from the first profit making year and a 50% relief from PRC income tax for the following three years, after which the subsidiaries' profits are subject to PRC income tax at the rate of 15%.

Effective from 1 January 2003, two subsidiaries of the Company are entitled to the reduced PRC income tax rate of 7.5%. Provision for the PRC income tax of these subsidiaries was calculated at 7.5% of the estimated assessable profit for the six months ended 31 January 2004. The balance of the subsidiaries of the Company in the PRC were either entitled to income tax exemption or sustained losses for taxation purposes for the six months ended 31 January 2004.

A subsidiary of the Company has entered into processing arrangements with certain independent third parties ("**Providers**") in respect of certain production facilities in Shenzhen, the PRC. Pursuant to the processing agreements, the Providers bear any PRC tax in respect of the Group's relevant production facilities in Shenzhen, the PRC.

5 Dividends attributable to the period

(a) Interim dividend

The Directors do not recommend any payment of interim dividend for the six months ended 31 January 2004 (2003: Nil).

(b) Final dividend

	Six months ended 31 January	
	2004	2003
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the period, of HK0.5 cent per share	**4,100**	4,100

6 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of HK$1,958,000 (2003: HK$17,739,000) and the weighted average number of 820,000,000 (2003: 820,000,000) shares in issue during the six months ended 31 January 2004.

(b) Diluted earnings per share

There were no potential dilutive ordinary shares in existence during the six months ended 31 January 2004 and 2003.

7 Comparative figures

Certain comparative figures have been reclassified to conform with the current period's presentation.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

Overview

During the period under review, the Group continued its expansion plan in Zhuhai in view of its strategic location with enormous potential. Simultaneously, the Group also focused in restructuring and streamlining its less profitable business to achieve greater operations efficiency in the long run.

In December 2003, the Group took intense actions to restructure the operations of the two subsidiaries in Qingdao. This move enabled the Group to enhance the effectiveness in deploying internal resources, and eliminate unnecessary competitions in Qingdao. Nevertheless, early termination of the lease arrangement and shifting of the production base as part of the restructuring exercise had given rise to cost of compensation and write-offs which are of non-recurring nature totaling HK$4.04 million to the Group for the period under review. Despite this short term adverse impact, the improving financial results achieved by the Group's subsidiaries in Qingdao after the staggered restructuring actions showed that this move was beneficial to the Group as a whole.

During the period under review, the Group had also taken steps to hive off the assembly division in Shenzhen by relocating to Zhuhai. This move consolidated the entire Group's assembling expertise and resources in Zhuhai and helped to control the Group's expenses more effectively.

Notwithstanding the streamlining and reorganisation processes would prepare the Group for brighter prospects and results in the future, these processes, as anticipated, had cost temporary disruption to the Group in gaining better results in this financial period. For the period under review, turnover of the Group was HK$519.28 million, representing a drop of 12.61% as compared to that of HK$594.19 million for last corresponding period. The decrease in sales was also attributable to a change in the sales order of a major customer from ordering high valued high-end home audio equipment to lower valued semi-finished mechanical audio assembles since the second half of last financial year. Nevertheless, the encouraging sales performance of the Company's principal subsidiary based in Zhuhai which recorded a superior growth of 130.48% against the same period in last financial year had partially mitigated those negative impacts.

The Group's gross profit margin recorded improvement from 12.26% for the six months ended 31 January 2003 to 14.15% for the period under review. The gross profit, in absolute terms, had also surpassed last corresponding period's, despite a drop in sales. This was mainly due to the favourable contribution from the newly established subsidiary and joint venture company with Andes Electric Co., Ltd and Sumitronics Hong Kong Ltd (collectively, "**VSA Group**"), coupled with larger gross profits jointly generated by the two subsidiaries in Qingdao in the period under review. Furthermore, an increase in the weighting of plastic injection sales which carried higher margins, also helped to enhance the Group's overall profit margin.

For the period under review, the Group's profit attributable to shareholders was HK$1.96 million, representing a decrease of 88.96% as compared to the corresponding period in last year. The drop was undeniably caused by the one-off expenses incurred by the subsidiaries in Qingdao totaling HK$4.04 million and the increased financing costs as a result of increase in borrowings. Moreover, the profit making subsidiaries of the Company in the PRC, which were entitled to tax exemption up to 31 December 2002, incurred PRC income tax at the rate of 7.5% throughout the period under review. As a result, the Group recorded income tax expenses of HK$2.30 million, higher by HK$2.15 million against last corresponding period.

Business and Financial Review

Turnover and gross profits by business activities of the Group are summarized as follows:

Plastic injection and moulding business

The Group's principal business, plastic injection and moulding, recorded a significant growth of 31.84% in turnover during the period under review as compared to the last corresponding period. The sales contribution from this segment to the Group as a whole had improved extensively from 46.49% to 70.13%. The increase was mainly attributable to the concerted expansion in the Group's main production facilities in Zhuhai subsequent to the completion of phase IV of the Zhuhai Industrial Park towards the end of the financial year ended 31 July 2003. Product diversification also helped to enhance the utilisation of production facilities that, in turn, boosted the sales contribution. At the same time, broadening the product range also reduced the risk of over-reliance on certain major customers.

In line with the improvement in turnover, results of this segment had also soared from HK$43.86 million for last corresponding period to HK$48.76 million for the period under review. Despite the increase in absolute terms, the contribution margin generated from this segment had declined by 2.49% from that of last corresponding period. The key reason was the heavy investment in machinery and equipment that the Group had not yet optimized during the period under review.

Assembling of electronic products business

During the period under review, the business of assembling of electronic products had shrunk tremendously by more than 50.21% against last corresponding period and this had impacted on the Group's overall sales performance immensely. This was mainly attributable to the substantial decrease in sales to a major customer which had changed its product mix from relatively high-end home audio equipment to semi-finished mechanical audio assembles, which have a lower selling price.

The newly established VSA Group which is involved in the processing of printed circuit boards for electronic products and related electronic products using surface mounting technologies, had only cushioned the adverse effects marginally as the VSA Group remains relatively insignificant in size. Nevertheless, its performance has been encouraging since it commenced operations in April 2003 and the VSA Group is expected to increase its contribution in the near future.

The contribution margin of this segment had been fairly consistent to maintain at 4.59% for the period under review as compared to last corresponding period of 4.53%. This segment sustained its contribution margin, in spite of the reduced sales. Higher profit margins derived from the VSA Group, as compared to those of the Group that assemble electronic products, was due to its processing nature.

Mould design and fabrication business

Sales generated from the mould design and fabrication business accounted for 4.93% of the total sales of the Group during the period under review and this represented a climb of 1.87% against last corresponding period. The performance of this segment, in general, had been encouraging and had supplemented effectively the integrated manufacturing solutions provided to the customers of the Group. With sophisticated machinery and equipment in place, the Directors have no doubt that this segment will continue its important role and contribute positively to the Group in the years to come.

This segment had an improved contribution margin during the period under review and this demonstrates that the investment in advanced facilities in the past years has gradually paid off by attracting more orders and higher margin sales.

Distribution costs and administrative expenses

During the period under review, the Group recorded total distribution costs of HK$9.98 million, representing a reduction of 8.43% as compared to that of last corresponding period and the percentage over turnover continued to remain below 2.00%.

Administrative expenses for the period under review had surged by 5.90% comparing to that of last corresponding period, to register at HK$36.72 million. Increased employees' costs was the primary contributor to the increase.

Finance costs

During the period under review, the Group incurred higher finance costs that amounted to HK$20.01 million, representing a surge of 78.41% as compared to that of last corresponding period. The increased use of banking facilities to fund the expansion plans and capital expenditures, particularly for the Zhuhai Industrial Park, were the cause of the higher finance costs. Furthermore, the Group had also incurred a net exchange loss of HK$2.41 million during the period under review, being HK$1.50 million more than that of last corresponding period.

Future Prospects

The Directors will continue to take proactive steps to propel the business of the Group to greater heights for the remainder of the financial year. The strategic relocation of resources from Shenzhen to Zhuhai is expected to eliminate inefficient use of resources and trim the operating costs of the Group. The Directors will also take other relevant measures to further rationalise the operations in Shenzhen in the near future in view of its high fixed costs. Looking ahead, the Group will not hesitate to realign its operating model and anticipates that even though the process will have negative effects on the Group's financial performance in the second half of the year, it will be beneficial to the Group in the long run.

Subsidiaries in Qingdao have gone through remarkable changes in the past few months following the acquisition of the minority interest in Qingdao GS Electronics Plastic Co., Ltd during last financial year and the implementation of a restructuring exercise which is completed in March 2004. The entire plan would reduce the risk of over-reliance on a single customer, as well as enhance the operational efficiency and effectiveness.

The Directors also believe in the benefits of acquiring knowledge and technical know-how through forming joint ventures after seeing the VSA Group has generated profits within a short time frame. Therefore, the Group is exploring opportunities in forming a new joint venture in paint spraying plastic parts and products in the PRC. At the date of this report, discussion is still in a preliminary stage.

Commencing from this financial period, the Zhuhai Industrial Park has become the core production base and the major income generator of the Group. At present, the Group has four subsidiaries based in this industrial park (collectively, "**Zhuhai Companies**") and they had jointly contributed 53.92% of the Group's turnover for the period under review, compared to only 19.47% for last corresponding period. The Zhuhai Companies had also increased their contributions in the profits attributable to shareholders by over 73.29% from the last corresponding period. In view that the production facilities in the Zhuhai Industrial Park have yet to reach the optimum level, there is enormous potential in the Zhuhai Companies to provide greater returns for the Group. With such potential in mind, the Zhuhai Companies have been aggressively developing new clientele through various measures, and the Directors are confident that the outcome will materialize in the years to come.

The newly established subsidiary, VS Industry (Zhuhai) Co., Ltd ("**VSI**"), which is one of the Zhuhai Companies, commenced operations in February 2004. VSI will focus on producing plastic-made food containers and kitchen utensils and, by diversifying its product range, VSI is envisaged to further strengthen the Group's contribution to the plastic injection and moulding business.

Overall, the Directors are confident that, with the rich experience gained in the past and its solid management team, the medium to long-term outlook of the Group is optimistic.

Other Information

Liquidity and financial resources

As at 31 January 2004, the Group had cash and bank deposits of HK$242.85 million (31 July 2003: HK$285.82 million) of which HK$76.67 million (31 July 2003: HK$83.77 million) were pledged to the banks for banking facilities granted to the Group. The liquid funds were denominated in US dollars, Renminbi and Hong Kong dollars which represent 45.63%, 46.01% and 8.36% respectively of the total cash and bank deposits.

The Group generally finances its operations through a combination of shareholders equity, internally generated cash flows and borrowings from banks in Hong Kong and the PRC. As at 31 January 2004, the Group had unutilised banking facilities of HK$84.72 million.

The Group's total borrowings as at 31 January 2004 amounted to HK$770.78 million (31 July 2003: HK$641.77 million) of which there was a shareholder's loan of HK$41.58 million (31 July 2003: HK$44.02 million). The borrowings were mainly for business expansion, capital expenditure and working capital purposes with interest rates ranging from 2.03% to 7.13% per annum. The amounts of borrowings denominated in US dollars, Renminbi and Hong Kong dollars were the equivalent of HK$326.86 million, HK$363.23 million and HK$80.69 million respectively.

The Group's gearing ratio, represented by the interest bearing borrowings over the Group's total assets as at 31 January 2004, was 52.34% (31 July 2003: 45.82%). The increase in the gearing ratio was principally due to continuous capital investments in the Zhuhai Industrial Park to solidify the Group's production base for future growth. The Directors will continue to monitor the borrowing level and try their best to maintain the gearing ratio at a reasonable level.

The Directors believe that with the Group's internally generated funds and current banking facilities, the Group has sufficient financial resources to satisfy its current commitments and working capital requirements.

Charges on assets

As at 31 January 2004, certain assets of the Group with aggregate carrying value of HK$299.75 million (31 July 2003: HK$294.22 million) were pledged to secure banking facilities granted to the Group.

Contingent liability

The Group's contingent liability as at 31 January 2004 which consists of bills discounted with banks on a recourse basis, amounted to HK$6.27 million (31 July 2003: HK$11.41 million).

Foreign exchange risk

Other than acquisitions of machinery and equipment in Japanese Yen, the Group's exposure to foreign exchange rate fluctuations during the period under review was not significant. Most of its transactions, including borrowings, were denominated in US dollars and Renminbi.

Owing mainly to the fluctuations in Japanese Yen, the Group reported a net exchange loss of HK$2.41 million during the period under review, against a net exchange loss of HK$0.91 million in the last corresponding period.

Employees and remuneration policy

As at 31 January 2004, the Group had a total of 6,868 employees (31 July 2003: 7,298) of which 2,103 (31 July 2003: 2,361) were employed under processing arrangements. During the period under review, there was no significant change in the Group's remuneration policies for its employees.

Employees' costs of the Group (excluding Directors' emoluments but including wages paid to employees employed under the processing arrangements) amounted to HK$57.11 million during the period under review, representing a 25.27% increase as compared to that of last corresponding period. Remuneration packages are maintained at competitive level and the Group's employees are rewarded on a performance basis.

The Company conditionally adopted a share option scheme ("**Scheme**") on 20 January 2002 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation. The Board may, at their absolute discretion, grant options to employees and Directors and directors of the Company's subsidiaries and any qualified persons as set forth in the terms of the Scheme, to subscribe for shares. The subscription price, exercisable period and the maximum number of options to be granted are determined in accordance with the terms of the Scheme. Since the adoption of the Scheme, no options have been granted under the Scheme.

The Group has adopted a provident fund scheme for its employees in Hong Kong as required under the Mandatory Provident Fund Schemes Ordinance. It also participates in a government pension scheme for its employees in the PRC pursuant to the relevant rules and regulations of the PRC.

PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES

During the period under review, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

AUDIT COMMITTEE

The Board established the Audit Committee on 20 January 2002, which comprises the two independent non-executive Directors, pursuant to the Code of Best Practice as set forth in Appendix 14 to the Listing Rules. The Audit Committee, with the management and the Company's external auditors, has reviewed the accounting principles and practices adopted by the Group and discussed the internal controls and financial reporting matters including a review of the unaudited interim financial result for the period under review.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not, at any time during the period under review, in compliance with Appendix 14 to the Listing Rules.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

A detailed interim financial result of the Group for the period under review containing all information required by paragraphs 46(1) to 46(6) of Appendix 16 to the Listing Rules will be published on the website of the Stock Exchange in due course.

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

Zhuhai, the PRC
29 March 2004

Please also refer to the published version of this announcement in The Standard dated 30 March 2004.