
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a 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 with the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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



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)

**ADOPTION OF THE NEW SHARE OPTION SCHEME
AND
NOTICE OF EGM**

A notice convening the EGM 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, 21 September 2012 at 11:00 a.m. is set out on pages 19 to 20 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit it with Computershare Hong Kong Investor Services Limited, the branch share registrar of V.S. International Group Limited in Hong Kong, of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the 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 meeting or any adjournment thereof should you so wish.

31 August 2012

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
APPENDIX – SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME	8
NOTICE OF EGM	19

DEFINITIONS

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

“Adoption Date”	the date on which the adoption of the New Share Option Scheme is approved by the Shareholders
“Articles”	the articles of association of the Company as amended from time to time
“associate”	has the meaning ascribed to it under the Listing Rules
“Auditors”	the auditors for the time being of the Company
“Board”	the board of Directors
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities
“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company for the time being or a duly authorised committee thereof
“EGM”	the extraordinary general meeting of the Company to be held to approve the adoption of the New Share Option Scheme to be convened and held at Star City Hotel, No. 88, Jingshan Road, Jida, Zhuhai, Guangdong Province, the People’s Republic of China on Friday, 21 September 2012 at 11:00 a.m., the notice of which is set out on pages 19 to 20 of this circular, and any adjournment thereof
“Eligible Employee”	any employee or proposed employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any Subsidiary or any Invested Entity

DEFINITIONS

“Eligible Participant(s)”	the person(s) who may be invited by the Directors to take up Options pursuant to the New Share Option Scheme, including, among others, any Eligible Employee
“Former Share Option Scheme”	the Company’s share option scheme adopted on 20 January 2002 and expired on 19 January 2012
“Grantee”	any Eligible Participant who accepts an Offer in accordance with the terms of the New Share Option Scheme or (where the context so permits) his personal representative
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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
“Latest Practicable Date”	28 August 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the EGM, a summary of the principal terms of which is set out in the Appendix to this circular
“Offer”	an offer for the grant of an Option
“Offer Date”	the date, which must be a Business Day, on which an Offer is made to an Eligible Participant
“Option(s)”	option(s) to subscribe for the Shares granted pursuant to the New Share Option Scheme

DEFINITIONS

“Option Period”	in respect of any particular Option, a period (which may not be later than 10 years from the Offer Date of that Option) to be determined and notified by the Directors to the Grantee thereof and, in the absence of such determination, from the Offer Date to the earlier of (i) the date on which such Option lapses; and (ii) 10 years from the Offer Date of that Option
“Shares”	ordinary share(s) of HK\$0.05 each in the capital of the Company
“Shareholders”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Subsidiary(ies)”	the companies which are for the time being and from time to time the subsidiaries (within the meaning of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong)) of the Company
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Termination Date”	close of business of the Company on the date which falls 10 years after the Adoption Date
“%”	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)

(Stock code: 1002)

Executive Directors:

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

Independent non-executive Directors:

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

Non-executive Director:

Mr. Gan Tiong Sia

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:*

40th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

31 August 2012

To the Shareholders and option holders of the Company

Dear Sir/Madam

ADOPTION OF THE NEW SHARE OPTION SCHEME

INTRODUCTION

The Board proposes to the Shareholders to adopt the New Share Option Scheme at the EGM. The purpose of this circular is to provide you with, among other things, the details of the New Share Option Scheme and the notice of EGM.

Adoption of the New Share Option Scheme is subject to the passing of an ordinary resolution by the Shareholders to approve its adoption and to authorise the Directors to grant Options thereunder and to issue and allot Shares pursuant to the exercise of the subscription rights under the Options granted pursuant to the New Share Option Scheme at the EGM. The adoption of the New Share Option Scheme will also be conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, any Shares which may fall to be issued pursuant to the exercise of the subscription rights attaching to the Options on the Stock Exchange (which may be subject to conditions and limitations). Application will be made to the Stock Exchange for the listing of, and

LETTER FROM THE BOARD

permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the subscription rights attaching to the Options which may be granted under the New Share Option Scheme.

ADOPTION OF THE NEW SHARE OPTION SCHEME

The Directors proposed to adopt the New Share Option Scheme, the principal terms of which are set out in the Appendix to this circular. The Former Share Option Scheme was adopted by the Company on 20 January 2002 and expired on 19 January 2012. The purpose of the New Share Option Scheme is to enable the Group to grant Options to the Eligible Participants as incentives or rewards for their contribution to the Group. The Directors considered that the New Share Option Scheme, which will be valid for 10 years from the date of its adoption, will provide the Company with more flexibility in long term planning of granting of the share options to eligible persons in a longer period in the future. The New Share Option Scheme does not provide for any minimum period for holding of options or any performance target before exercise of options. Under the New Share Option Scheme, the Board will have discretion in determining the Subscription Price, the minimum period for holding of options and the performance target before exercise of options (subject to the Listing Rules) in respect of any Options. The Directors are of the view that the flexibility given to the Directors to determine the Subscription Price, the minimum period for holding of options and the performance target before exercise of options will place the Group in a better position to reward its employees and retain human resources that are valuable to the growth and development of the Group as a whole.

As at the Latest Practicable Date, there were 65,063,435 options granted but not yet exercised under the Former Share Option Scheme (“**Former Options**”). The relevant terms of the Former Options as at the Latest Practicable Date are as follows:

Date of grant	Exercisable period	Exercise price (HK\$)	No. of Former Options
3 February 2010	1 August 2010 to 31 July 2013	0.169	19,544,596
3 February 2010	1 August 2011 to 31 July 2013	0.169	19,544,596
3 February 2010	1 August 2012 to 31 July 2013	0.169	<u>25,974,243</u>
			<u><u>65,063,435</u></u>

After the expiration of the Former Share Option Scheme and the adoption of the New Share Option Scheme, no further options would be offered pursuant to the Former Share Option Scheme but the provisions of the Former Share Option Scheme would in all other respects remain in force to the extent necessary to give effect to the exercise of any outstanding options granted prior to its expiration. The Former Options will continue to be valid and exercisable in accordance with the terms of the Former Share Option Scheme.

None of the Directors is or will be a trustee of the New Share Option Scheme or have a direct or indirect interest in any such trustee.

LETTER FROM THE BOARD

Value of the Options

The Directors consider that it is not appropriate to state the value of the Options that may be granted pursuant to the New Share Option Scheme as if they had been granted at the Latest Practicable Date. The Directors believe that any statement regarding the value of the Options as at the Latest Practicable Date will not be meaningful to the Shareholders and to a certain extent would be misleading to the Shareholders, taking into account the number of variables which are crucial for assessing the value of the Options which have not been determined. Such variables include the Subscription Price, the Option Period and all other relevant variables.

Scheme mandate limit and maximum number of Shares issuable

Subject to obtaining of the Shareholders' approval of the adoption of the New Share Option Scheme, pursuant to Rule 17.03 of the Listing Rules, the total number of Shares which may be issued upon the exercise of all the options to be granted under the New Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the issued share capital of the Company as at the date of approval of the adoption of the New Share Option Scheme initially. Based on the 1,156,034,666 Shares in issue as at the Latest Practicable Date and assuming that there is no change in the issued share capital of the Company before the EGM, the maximum number of Shares to be issued upon the exercise of Options that may be granted under the New Share Option Scheme under such initial mandate limit is 115,603,466 Shares. The Company may seek approval of the Shareholders in general meetings to refresh the 10% initial mandate limit. Notwithstanding that the mandate limit may be refreshed, the Board shall not grant Options which would result in the maximum aggregate number of Shares which may be issued upon exercise of all the outstanding options granted but yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company which entitle the holders to acquire or subscribe for Shares exceeding, in aggregate, 30% of the issued share capital of the Company from time to time.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement in this circular or this circular misleading.

EGM

The EGM will be held to consider and, if thought fit, passing the relevant resolution to approve the adoption of the New Share Option Scheme. No Director has a material interest and is required to abstain from voting for the resolution at the EGM.

LETTER FROM THE BOARD

The notice of the EGM is set out on pages 19 to 20 of this circular. A form of proxy for the EGM is enclosed herewith. Whether or not you are able to attend the EGM, you are requested to complete the form of proxy and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof (as the case may be) should you so wish. Pursuant to the Listing Rules, voting by poll is required for any resolution put to vote at the EGM.

None of the Shareholders is required to abstain from voting at the EGM pursuant to the Listing Rules and/or the Articles.

RECOMMENDATION

The Directors consider that the proposed adoption of the New Share Option Scheme is in the best interests of the Company and the Shareholders and so recommend all Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

DOCUMENTS AVAILABLE FOR INSPECTION

A summary of the principal terms of the rules of the New Share Option Scheme is set out in the Appendix to this circular. A copy of the rules of the New Share Option Scheme will be available for inspection at the office of the Company at 40th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong, during normal business hours on any Business Day from the date of this circular to and including the date of the EGM (and any adjournment thereof, as the case may be).

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

The following is a summary of the principal terms of the rules of the New Share Option Scheme proposed to be adopted at the EGM.

1. PURPOSE OF THE SHARE OPTION SCHEME

The purpose of the New Share Option Scheme is to enable the Group to grant Options to the Eligible Participants as incentives or rewards for their contribution to the Group.

2. WHO MAY JOIN

The Board may, at its discretion, invite any Eligible Participant to take up Options to subscribe for Shares at a price determined in accordance with paragraph 6 below.

The eligibility of any of the Eligible Participants to an Offer shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his contribution to the development and growth of the Group.

3. CONDITIONS

The New Share Option Scheme adopted by the Company at a general meeting of the Shareholders is conditional upon the listing committee of the Stock Exchange granting the listing of and permission to deal in such number of Shares representing the General Scheme Limit (as defined in paragraph 9.2) to be allotted and issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme.

4. DURATION AND ADMINISTRATION

4.1 Subject to paragraph 15, the New Share Option Scheme shall be valid and effective until the Termination Date, after which period no further Options may be issued but the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme.

4.2 The New Share Option Scheme shall be subject to the administration of the Directors whose decision on all matters arising in relation to the New Share Option Scheme or their interpretation or effect shall be final and binding on all persons who may be affected thereby.

5. GRANT OF OPTIONS

5.1 Subject to paragraph 5.2, the Directors shall, in accordance with the provisions of the New Share Option Scheme and the Listing Rules, be entitled but shall not be bound at any time within a period of 10 years commencing from the Adoption Date to make an Offer to any person belonging to the following classes of participants to subscribe, and

no person other than the Eligible Participant named in such Offer may subscribe, for such number of Shares at such Subscription Price as the Directors shall, subject to paragraph 10, determine:

- (a) any Eligible Employee;
- (b) any non-executive directors (including independent non-executive directors) of the Company, any of its Subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of any member of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and
- (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group,

and, for the purposes of the New Share Option Scheme, the Offer may be made to any company wholly owned by one or more Eligible Participants.

- 5.2 Without prejudice to paragraph 9.4 below, the making of an Offer to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed Grantee of an Option).
- 5.3 An Offer shall be made to an Eligible Participant in writing (and unless so made shall be invalid) in such form as the Directors may from time to time determine, either generally or on a case-by-case basis, specifying the number of Shares and the Option Period in respect of which the Offer is made and further requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the New Share Option Scheme and shall remain open for acceptance by the Eligible Participant concerned (and by no other person) for a period of up to 21 days from the Offer Date.

- 5.4 An Offer shall have been accepted by an Eligible Participant in respect of all Shares under the Option which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the Offer (which shall not be later than 21 days from the Offer Date). Such remittance shall in no circumstances be refundable.
- 5.5 Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares which are offered provided that such number is clearly stated in the duplicate letter comprising acceptance of the Offer duly signed by such Eligible Participant and received by the Company together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof within such time as may be specified in the Offer (which shall not be later than 21 days from the Offer Date). Such remittance shall in no circumstances be refundable.
- 5.6 Upon an Offer being accepted by an Eligible Participant in whole or in part in accordance with paragraph 5.4 or 5.5, an Option in respect of the number of Shares in respect of which the Offer was so accepted will be deemed to have been granted by the Company to such Eligible Participant on the Offer Date. To the extent that the Offer is not accepted within the time specified in the Offer in the manner indicated in paragraph 5.4 or 5.5, it will be deemed to have been irrevocably declined.
- 5.7 For so long as the Shares are listed on the Stock Exchange:
- (a) an Offer may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced in accordance with the requirements of the Listing Rules; and
 - (b) the Directors may not make any Offer to an Eligible Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

6. SUBSCRIPTION PRICE

The Subscription Price in respect of any Option shall, subject to any adjustments made pursuant to paragraph 10, be at the discretion of the Directors, provided that it shall not be less than the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the Offer Date;

- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Offer Date; and
- (c) the nominal value of a Share.

7. EXERCISE OF OPTIONS

- 7.1 An Option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option granted to such Grantee to the extent not already exercised.
- 7.2 Unless otherwise determined by the Directors and stated in the Offer to a Grantee, a Grantee is not required to hold an Option for any minimum period nor achieve any performance targets before the exercise of an Option granted to him.
- 7.3 Subject to the fulfillment of all terms and conditions set out in the Offer, including the attainment of any performance targets stated therein (if any), an Option shall be exercisable in whole or in part in the circumstances and in the manner as set out in paragraphs 7.4 and 7.5 by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised. Each such notice must be accompanied by a remittance for the full amount of the aggregate Subscription Price for Shares in respect of which the notice is given. Within 21 days (seven days in the case of an exercise pursuant to paragraph 7.4(c)) after receipt of the notice and, where appropriate, receipt of the certificate of the Auditors or the independent financial advisers pursuant to paragraph 10, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, in the event of an exercise of Option by a personal representative pursuant to paragraph 7.4(a), to the estate of the Grantee) fully paid and issue to the Grantee (or his estate in the event of an exercise by his personal representative as aforesaid) a share certificate for the Shares so allotted and issued.
- 7.4 Subject to the terms and conditions of the New Share Option Scheme, an Option may (and may only) be exercised by the Grantee at any time or times during the Option Period provided that:
 - (a) if the Grantee is an Eligible Employee and in the event of his ceasing to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the Option in full, his personal representative(s) or, as appropriate, the Grantee may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of paragraph 7.3 within a period of 12 months following the date of cessation of employment which date shall be the last day on which the Grantee was at work with the Company or the relevant Subsidiary or the Invested Entity whether salary

is paid in lieu of notice or not, or such longer period as the Directors may determine or, if any of the events referred to in paragraph 7.4(c) or 7.4(d) occur during such period, exercise the Option pursuant to paragraph 7.4 (c) or 7.4 (d) respectively;

- (b) if the Grantee is an Eligible Employee and in the event of his ceasing to be an Eligible Employee for any reason other than his death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds specified in paragraph 8.1(c) before exercising the Option in full, the Option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless the Directors otherwise determine in which event the Grantee may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of paragraph 7.3 within such period as the Directors may determine following the date of such cessation or termination or, if any of the events referred to in sub-paragraph 7.4(c) or 7.4(d) occur during such period, exercise the Option pursuant to paragraph 7.4(c) or 7.4(d) respectively. The date of cessation or termination as aforesaid shall be the last day on which the Grantee was actually at work with the Company or the relevant Subsidiary or the Invested Entity whether salary is paid in lieu of notice or not;
- (c) if a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of the Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, shareholders of the Company. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to shareholders in the Company, the Grantee shall, notwithstanding any other terms on which his Options were granted, be entitled to exercise the Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in accordance with the provisions of paragraph 7.3 at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be. Subject to the above, the Option will lapse automatically (to the extent not exercised) on the date which such offer (or, as the case may be, the revised offer) closed or the relevant record date for entitlements under the scheme of arrangement, as the case may be;
- (d) in the event of a resolution being proposed for the voluntary winding-up of the Company during the Option Period, the Grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two (2) Business Days before the date on which such resolution is to be considered and/or passed, exercise his Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with

the provisions of paragraph 7.3 and the Company shall allot and issue to the Grantee the Shares in respect of which such Grantee has exercised his Option not less than one (1) Business Day before the date on which such resolution is to be considered and/or passed whereupon he shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all Options then outstanding shall lapse and determine on the commencement of the winding-up; and

- (e) if the Grantee is a company wholly owned by one or more Eligible Participants:
 - (i) the provisions of paragraphs 7.4(a), 7.4(b), 8.1(c) and 8.1(d) shall apply to the Grantee and to the Options granted to such Grantee, *mutatis mutandis*, as if such Options had been granted to the relevant Eligible Participant, and such Options shall accordingly lapse or fall to be exercisable after the event(s) referred to in paragraphs 7.4(a), 7.4(b), 8.1(c) and 8.1(d) shall occur with respect to the relevant Eligible Participant; and
 - (ii) the Options granted to the Grantee shall lapse and determine on the date the Grantee ceases to be wholly owned by the relevant Eligible Participant provided that the Directors may in their absolute discretion decide that such Options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

7.5 Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the then existing fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (“**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered on the register of members of the Company as the holder thereof.

8. EARLY TERMINATION OF OPTION PERIOD

- 8.1 The Option Period in respect of any Option shall automatically terminate and that Option (to the extent not already exercised) shall lapse on the earliest of:
- (a) the expiry of the Option Period;
 - (b) the expiry of any of the periods referred to in paragraph 7.4;

- (c) in respect of a Grantee who is an Eligible Employee, the date on which the Grantee ceases to be an Eligible Employee by reason of termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or any member of the Group or the Invested Entity into disrepute);
- (d) in respect of a Grantee other than an Eligible Employee, the date on which the Directors shall at their absolute discretion determine that (i) (aa) the Grantee or his associate has committed any breach of any contract entered into between the Grantee or his associate on the one part and any member of the Group or any Invested Entity on the other part; or (bb) the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally or (cc) the Grantee could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever; and (ii) the Option shall lapse as a result of any event specified in sub-paragraph (aa), (bb) or (cc) above; and
- (e) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of paragraph 7.1 by the Grantee in respect of that or any other Option.

9. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- 9.1 The maximum number of Shares which may be allotted and issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes adopted by the Group shall not exceed 30 per cent. of the share capital of the Company in issue from time to time. No options may be granted under the New Share Option Scheme or any other share option scheme adopted by the Group if the grant of such option will result in the limit referred to in this paragraph 9.1 being exceeded.
- 9.2 The total number of Shares which may be allotted and issued upon exercise of all Options (excluding, for this purpose, options which have lapsed in accordance with the terms of the New Share Option Scheme and any other share option scheme of the Group) to be granted under the New Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10 per cent. of the Shares in issue at the time dealings in the Shares first commence on the Stock Exchange ("**General Scheme Limit**") provided that:
 - (a) subject to paragraph 9.1 and without prejudice to paragraph 9.2(b), the Company may seek approval of its shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be allotted and

issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option scheme of the Group must not exceed 10 per cent. of the Shares in issue as at the date of approval of the limit and for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the New Share Option Scheme and any other share option scheme of the Group) previously granted under the New Share Option Scheme and any other share option scheme of the Group will not be counted; and

- (b) subject to paragraph 9.1 and without prejudice to paragraph 9.2(a), the Company may seek separate shareholders' approval in general meeting to grant Options under the New Share Option Scheme beyond the General Scheme Limit or, if applicable, the extended limit referred to in paragraph 9.2(a) to Eligible Participants specifically identified by the Company before such approval is sought.
- 9.3 Subject to paragraph 9.4, the total number of Shares issued and which may fall to be issued upon exercise of the Options and the options granted under any other share option scheme of the Group (including both exercised or outstanding options) to each Grantee in any 12-month period shall not exceed 1 per cent. of the issued share capital of the Company for the time being. Where any further grant of Options to a Grantee under the New Share Option Scheme would result in the Shares issued and to be issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the New Share Option Scheme and any other share option schemes of the Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1 per cent. of the Shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such Grantee and his associates abstaining from voting.
- 9.4 Without prejudice to paragraph 5.2, where any grant of Options to a substantial shareholder of the Company or an independent non-executive Director or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
- (a) representing in aggregate over 0.1 per cent. of the Shares in issue; and
 - (b) having an aggregate value, based on the closing price of the Shares at the Offer Date of each Offer, in excess of HK\$5 million;

such further grant of Options must be approved by the shareholders of the Company in general meeting.

10. ADJUSTMENT TO THE SUBSCRIPTION PRICE

10.1 In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or the New Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation or sub-division of the Shares, or reduction of the share capital of the Company, then, in any such case the Company shall instruct the Auditors or an independent financial adviser to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:

- (a) the number or nominal amount of Shares to which the New Share Option Scheme or any Option(s) relates (insofar as it is/they are unexercised); and/or
- (b) the Subscription Price of any Option; and/or
- (c) (unless the relevant Grantee elects to waive such adjustment) the number of Shares comprised in an Option or which remains comprised in an Option,

and an adjustment as so certified by the Auditors or such independent financial adviser shall be made, provided that:

- (a) any such adjustment shall give the Grantee the same proportion of the issued share capital of the Company for which such Grantee would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustment;
- (b) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (c) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (d) any such adjustment shall be in compliance with the Listing Rules and such applicable rules, codes, guidance notes and/or interpretation of the Listing Rules from time to time promulgated by the Stock Exchange.

In respect of any adjustment referred to in this paragraph 10.1, other than any adjustment made on a capitalisation issue, the Auditors or such independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules.

11. CANCELLATION OF OPTIONS

Subject to paragraph 7.1 and Chapter 17 of the Listing Rules, any Option granted but not exercised may not be cancelled except with the prior written consent of the relevant Grantee and the approval of the Directors. Where the Company cancels any Option granted

to a Grantee but not exercised and issues new Option(s) to the same Grantee, the issue of such new Option(s) may only be made with available unissued Options (excluding, for this purpose, the Options so cancelled) within the General Scheme Limit or the limits approved by the shareholders of the Company pursuant to paragraph 9.2(a) or 9.2(b).

12. SHARE CAPITAL

The exercise of any Option shall be subject to the members of the Company in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Directors shall make available sufficient authorised but unissued share capital of the Company to allot and issue the Shares on the exercise of any Option.

13. DISPUTES

Any dispute arising in connection with the number of Shares, the subject of an Option, or any adjustment under paragraph 10.1 shall be referred to the decision of the Auditors who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

14. ALTERATION OF THIS SCHEME

14.1 Subject to paragraph 14.2, the New Share Option Scheme may be altered in any respect by a resolution of the Directors except that:

- (a) the provisions of the New Share Option Scheme as to the definitions of “Eligible Participants”, “Grantee”, “Option Period” and “Termination Date” in the section headed “Definitions” of the New Share Option Scheme;
- (b) the provisions of the New Share Option Scheme relating to the matters governed by Rule 17.03 of the Listing Rules;

shall not be altered to the advantage of Grantees or prospective Grantees except with the prior sanction of a resolution of the shareholders of the Company in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the holders of the Shares under the Articles for the time being for a variation of the rights attached to the Shares.

14.2 Subject to paragraph 14.3, any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature shall be approved by the shareholders of the Company in general meeting except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.

14.3 Any change to the authority of the Directors or the administrators of the New Share Option Scheme in relation to any alteration to the terms of the New Share Option Scheme must be approved by the shareholders of the Company in general meeting.

15. TERMINATION

The Company by resolution in general meeting may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme and Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

NOTICE OF EGM



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 IS HEREBY GIVEN that the extraordinary 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, 21 September 2012 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the share option scheme of the Company (“**New Share Option Scheme**”), the rules of which are contained in the document marked “A” produced to the meeting and, for the purposes of identification, signed by the chairman of the meeting and summarised in the circular of the Company dated 31 August 2012, be hereby approved and adopted and the directors of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme including but without limitation to:

- (a) administering the New Share Option Scheme and granting options under the New Share Option Scheme;
- (b) modifying and/or amending the rules of the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to modification and/or amendment and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”);
- (c) issuing and allotting from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options granted under the New Share Option Scheme; and
- (d) making application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may from time to time be issued and allotted pursuant to the exercise of the options granted under the New Share Option Scheme.”

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

Zhuhai, the People’s Republic of China, 31 August 2012

NOTICE OF EGM

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:*

40th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

Notes:

1. Any member 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 in his stead. A member who is the holder of two or more shares and entitled to attend and vote at the meeting convened by the above notice is entitled to appoint more than one proxy to represent him and vote on his behalf. 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 certified copy of such power or authority must be deposited at the offices of the Company's Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited, of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 48 hours before the time of the meeting or any adjourned meeting.
3. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto. If more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. A form of proxy for use at the EGM is enclosed with the circular to the Shareholders.
6. The ordinary resolution set out above will be determined by way of a poll.
7. 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. Lee Soo Gee and Mr. Tang Sim Cheow as independent non-executive Directors.