



VANTAGE INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)
(the "Company")

ONGOING CONNECTED TRANSACTIONS

At the time of listing of the Company's shares in September 2000, the Company obtained from the Stock Exchange the previous waiver from strict compliance with the relevant requirements under the Listing Rules in respect of the Ongoing Connected Transactions with the Ngai Brothers and this previous waiver expired on 31 March 2003. The Company intends to continue the Ongoing Connected Transactions with the Ngai Brothers.

The Ngai Brothers are brothers of Mr. Ngai, Chairman of the Company, and hence connected persons of the Company.

It is expected that the annual aggregate amount of the transactions under the Ongoing Connected Transactions may exceed the higher of HK\$1 million or 0.03% of the latest published net tangible asset value of the Group, but not exceeding the higher of HK\$10 million or 3% of the latest published net tangible asset value of the Group, and will therefore be subject to disclosure requirements under Rule 14.25(1) of the Listing Rules. As the Ongoing Connected Transactions will continue to be carried out on a recurring and continual basis, the Directors consider that it would be impractical and unduly onerous for the Company to make disclosure on each occasion the Ongoing Connected Transactions arise. Accordingly, the Company has applied to the Stock Exchange for a waiver from strict and full compliance with the disclosure requirements under Rule 14.25(1) of the Listing Rules in respect of the Ongoing Connected Transactions on each occasion they arise, subject to the conditions detailed below.

The Group is principally engaged in building construction, repairs, maintenance and renovation works and civil engineering works.

BACKGROUND

Reference is made to the Prospectus setting out details of the Ongoing Connected Transactions as described as subcontracting arrangements with the Ngai Brothers. At the time of listing of the Company's shares in September 2000, the Company obtained from the Stock Exchange the previous waiver from strict compliance with the relevant requirements under the Listing Rules in respect of the Ongoing Connected Transactions with the Ngai Brothers. This previous waiver was granted by the Stock Exchange subject to the conditions set out in the Prospectus and expired on 31 March 2003. The Company has applied to the Stock Exchange for a New Waiver in respect of the Ongoing Connected Transactions, the details and conditions of which are described in the section headed "Application for New Waiver" below. No subcontracts have been awarded by the Group to the Ngai Brothers during the period from 1 April 2003 up to the date hereof.

PARTICULARS OF THE ONGOING CONNECTED TRANSACTIONS

The Ngai Brothers, being on the list of approved subcontractors working for the Group in their own names, have been and will continue to be awarded subcontracts by the Group, if their tenders are successfully accepted (as to Mr. Ngai Yan Hong, the elder brother of Mr. Ngai, demolition works and cleaning works; and as to Mr. Ngai Hon Cheung, the younger brother of Mr. Ngai, plastering works). No licence from the government authorities for demolition works, cleaning works and plastering works is required. In awarding subcontracts to any subcontractors, including the Ngai Brothers, the Group has been taking and will continue to take into account and make reference to various factors including, among others, the track record, expertise, capability and experience of the subcontractors and the price, fees and charges and other terms of tenders for the same subcontract submitted by all subcontractors.

For the five years ended 31 March 2002, the subcontracting charges paid by the Group to the Ngai Brothers were as follows:

(HK\$'000)	2002	2001	2000	1999	1998
Subcontracting charges paid by the Group to the Ngai Brothers	3,239	1,779	2,429	11,652	2,425
Turnover of the Group	367,417	346,540	204,346	333,510	223,106
Subcontracting charges paid by the Group to the Ngai Brothers as a percentage of turnover	0.9%	0.5%	1.2%	3.5%	1.1%
Net tangible assets of the Group	110,923	101,660	60,938		
Subcontracting charges paid by the Group to the Ngai Brothers as a percentage of net tangible assets	2.9%	1.7%	4.0%		

Note: The shares of the Company have been listed on the Stock Exchange since 8 September 2000 and the first published balance sheet of the Group was as at 31 March 2000.

In the opinion of the Directors, including the Independent Non-executive Directors, the subcontracts were awarded to the Ngai Brothers in the ordinary course of business, on arm's length basis and on normal commercial terms which are fair and reasonable to the shareholders of the Company taken as a whole.

APPLICATION FOR NEW WAIVER

The Ngai Brothers are the brothers of Mr. Ngai, the Chairman of the Company, and therefore considered as connected persons of the Company under Chapter 14 of the Listing Rules. As the Ongoing Connected Transactions involve the provision of services by connected persons to the Group, the Ongoing Connected Transactions will constitute connected transactions of the Company under the Listing Rules.

It is expected that the annual aggregate amount of the transactions under the Ongoing Connected Transactions will not exceed the higher of HK\$10 million or 3% of the latest published net tangible asset value of the Group and will therefore be subject to disclosure requirements under the Listing Rules after the expiry of the previous waiver on 31 March 2003. The Ongoing Connected Transactions are intended to be conducted on a recurring and continual basis in the ordinary and usual course of business of the Group and on normal commercial terms. It would be, in the opinion of the directors of the Company, impracticable and unduly onerous for the Company to make disclosure on each occasion the Ongoing Connected Transactions arise. Accordingly, the Company has applied to the Stock Exchange for a waiver from strict compliance with the requirements for disclosure by way of press announcements under Rule 14.25(1) of the Listing Rules in respect of the Ongoing Connected Transactions on each occasion they arise, subject to the fulfillment of the following conditions:

- that the Ongoing Connected Transactions shall be:
 - entered into by the Group in the ordinary and usual course of business;
 - conducted either (A) on normal commercial terms (which expression will be applied by reference to transactions of a similar nature and to be made by similar entities) or (B) (where there is no available comparison) on terms that are fair and reasonable so far as the shareholders of the Company are concerned; and
 - entered into either (A) in accordance with the terms of the agreement governing such Ongoing Connected Transactions or (B) (where there are no such agreement) on terms no less favourable than those available to or from independent third parties;
- that the aggregate amount of the Ongoing Connected Transactions for each financial year of the Company shall not exceed the Cap amount of the higher of either:
 - HK\$10,000,000; or
 - 3 per cent. of the latest published net tangible asset value of the Group.

- that the independent non-executive directors of the Company shall review the Ongoing Connected Transactions annually and confirm in the Company's annual report for each of the financial year that these were conducted in the manner as stated in paragraphs 1 and 2 above;
- that the Company's auditors shall review the Ongoing Connected Transactions annually and confirm in a letter (the "Letter") to the Directors (a copy of which shall be provided to the Listing Division of the Stock Exchange) stating whether:
 - the Ongoing Connected Transactions have received the approval of the Company's Board;
 - the Ongoing Connected Transactions are in accordance with the pricing policies as stated in the Company's financial statements;
 - the Ongoing Connected Transactions have been entered into in accordance with the terms of the agreements governing the Ongoing Connected Transactions or, if there is no such agreement, on terms no less favourable than those available to or from independent third parties; and
 - the Cap Amount has not been exceeded.

Where, for whatever reason, the auditors decline to accept the engagement or are unable to provide the Letter, the Directors shall contact the Listing Division of the Stock Exchange immediately;
- that details of the Ongoing Connected Transactions in each financial year shall be disclosed as required under Rule 14.25(1)(A) to (D) of the Listing Rules in the annual report of the Company for that financial year together with a statement of the opinion of the independent non-executive Directors of the Company referred to in paragraph 3 above; and
- that the Company and its subsidiaries shall provide to the Stock Exchange an undertaking that, for so long as the Company's shares are listed on the Stock Exchange, they will provide the Company's auditors with full access to their relevant records for the purpose of the auditors' review of the Ongoing Connected Transactions referred to in paragraph 4 above.

If any terms of the Ongoing Connected Transactions as mentioned above are altered or if the Company enters into any new agreements with any connected persons in the future, the Company must comply with the provisions of Chapter 14 of the Listing Rules governing connected transactions unless it applies for and obtain a separate waiver from the Stock Exchange.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than as at the date of the granting of the New Waiver by the Stock Exchange on transactions of any kind to which the Ongoing Connected Transactions belong including, but not limited to, a requirement that such transactions be made conditional on approval by independent shareholders of the Company, the Company must take immediate steps to ensure compliance with such requirements within a reasonable time.

GENERAL

The Group is principally engaged in building construction, repairs, maintenance and renovation works and civil engineering works.

DEFINITIONS

"Board"	the board of Directors
"Cap Amount"	the higher of either (i) HK\$10,000,000; or (ii) 3 per cent. of the latest published net tangible asset value of the Group
"Company"	Vantage International (Holdings) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
"connected person(s)"	having the meanings ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Ngai"	Mr. Ngai Chun Hung, Chairman of the Company
"New Waiver"	the waiver sought to be granted by the Stock Exchange and referred to in the paragraph headed "Application for New Waiver"
"Ngai Brothers"	Mr. Ngai Yan Hong and Mr. Ngai Hon Cheung
"Ongoing Connected Transactions"	subcontracts for demolition works, cleaning works and plastering works which have been and will continue to be awarded by the Group to the Ngai Brothers as a result of the successful tenders submitted by the Ngai Brothers following the Group's normal subcontract policy and procedures
"Prospectus"	the prospectus dated 29 August 2000 issued by the Company relating to the initial public offering and listing of the Company's shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK\$"	Hong Kong dollar, the lawful currency of Hong Kong

By order of the Board
Vantage International (Holdings) Limited
Pang Fung Ming
Company Secretary

Hong Kong, 26 June 2003