



VANTAGE INTERNATIONAL (HOLDINGS) LIMITED

盈信控股有限公司*

(incorporated in Bermuda with limited liability)
(Stock code: 15)

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION RELATING TO THE PROPOSED ACQUISITION OF GOOD TRADER LIMITED

The Directors announce that on 7 January 2005, Surely Great, an indirect wholly-owned subsidiary of the Company, entered into the Deed with the Vendor pursuant to which Surely Great has conditionally agreed to acquire from the Vendor the entire issued share capital of Good Trader and the shareholder's loan owed by Good Trader to the Vendor as at the Completion Date.

On 22 December 2004 and 3 January 2005, Good Trader and the Owners entered into the Provisional Agreements for the sale and purchase of the Properties, which, as advised by the real estate agent, have a total gross area of approximately 12,600 square feet. The Directors believe that following the Proposed Acquisition, the Group's property portfolio will be enlarged and strengthened. As at the date of this announcement, an aggregate amount of HK\$10,875,000 has been paid by Good Trader to the relevant Owners as initial deposits in respect of the Properties and as further deposits in respect of the Properties described in (1) and (2) in the paragraph headed "Reasons for, and benefits of, the Proposed Acquisition" in this announcement pursuant to the terms of the Provisional Agreements using funds advanced by the Vendor to Good Trader by way of a shareholder's loan.

As the Vendor is the deputy chairman of the Board and the chief executive officer of the Company, he is a connected person of the Company. Accordingly, the Proposed Acquisition constitutes a connected transaction for the Company under the Listing Rules. The Proposed Acquisition also constitutes a very substantial acquisition for the Company under the Listing Rules. Therefore, the Proposed Acquisition is subject to approval by Independent Shareholders, voting by way of poll, at the SGM under Rules 14.49 and 14A.18 of the Listing Rules. The Vendor and his associates, who have a material interest in the Proposed Acquisition, are required to abstain from voting on the relevant resolution for the approval of the Proposed Acquisition.

An independent Board committee will be established to consider and to advise the Independent Shareholders in relation to the Proposed Acquisition contemplated under the Deed. An independent financial adviser will be appointed to advise the independent Board committee and the Independent Shareholders in this regard.

The Directors (excluding the independent non-executive Directors who will opine on the Proposed Acquisition, after taking into account the advice to be received from the independent financial adviser) consider that the Proposed Acquisition is in the interests of the Company and its Shareholders as a whole and that the terms of the Deed are fair and reasonable.

A circular containing, among other things, further details of the Deed, the valuation report on the Properties as well as the Group's properties as prepared by an independent professional surveyor, the recommendation from the independent Board committee to the Independent Shareholders, the recommendation from the independent financial adviser to the independent Board committee, the accountants' report on Good Trader and a notice to the Shareholders convening the SGM will be despatched to the Shareholders as soon as possible.

Shareholders should note that the Proposed Acquisition is subject to a number of Conditions, which may or may not be fulfilled. Accordingly, Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

Trading in the Shares was suspended at the request of the Company with effect from 9:30 a.m. on 10 January 2005 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the trading of the Shares to resume with effect from 9:30 a.m. on 12 January 2005.

THE DEED

Date

7 January 2005

Parties

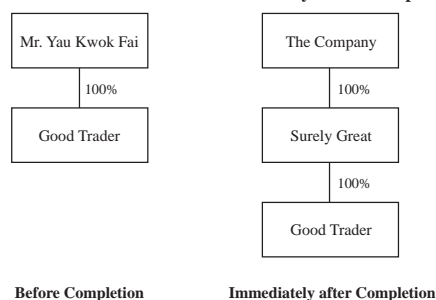
Vendor: Mr. Yau Kwok Fai, the deputy chairman of the Board and the chief executive officer of the Company

Purchaser: Surely Great Limited, an indirect wholly-owned subsidiary of the Company

Assets to be acquired by Surely Great

Surely Great has conditionally agreed to purchase from the Vendor and the Vendor has conditionally agreed to sell to Surely Great one share of HK\$1.00 in the share capital of Good Trader, representing the entire issued share capital of Good Trader, and the shareholder's loan owed by Good Trader to the Vendor as at the Completion Date. As at the date of this announcement, the shareholder's loan of Good Trader amounted to HK\$10,875,000, in aggregate, which has been applied as initial deposits in respect of the Properties and as further deposits in respect of the Properties described in (1) and (2) in the paragraph headed "Reasons for, and benefits of, the Proposed Acquisition" below for the purchase of the Properties.

Shareholding structure of Good Trader before and immediately after Completion



Consideration

The consideration payable by Surely Great to the Vendor for the acquisition of the entire issued share capital of Good Trader and the shareholder's loan owed by Good Trader to the Vendor as at the Completion Date shall be equal to the par value of the one share of Good Trader and the face value of the shareholder's loan owed by Good Trader to the Vendor as at the Completion Date.

Under the Deed, the consideration is payable by Surely Great in cash in the following manner:

- a sum of HK\$5,775,000, representing the aggregate amount of all initial deposits paid by Good Trader to the relevant Owners under the Provisional Agreements, was paid to the Vendor on 7 January 2005;
- a sum of HK\$1, representing the par value of the one share of Good Trader held by the Vendor, shall be paid to the Vendor at Completion;
- the balance of the consideration payable for the shareholder's loan owed by Good Trader to the Vendor as at the Completion Date (other than such portion of the consideration as shall represent the face value of the Top-Up Loan) shall be paid to the Vendor at such times as Good Trader may be required to make further payments to an Owner in respect of the purchase price of the relevant Property pursuant to the terms of the relevant Provisional Agreement and/or the relevant Formal Agreement on or prior to Completion, upon receipt of a notice in writing from the Vendor specifying the amount required to be so paid by Good Trader and the date on which such payment is required to be made, provided that such written notice is received by Surely Great not less than 2 business days before the date on which the relevant payment is required to be made and provided further that the maximum amount so payable by Surely Great prior to Completion shall not exceed HK\$51,975,000, in aggregate; and
- such portion of the consideration as shall represent the face value of the Top-Up Loan shall be paid in the manner described in the paragraph headed "Other material aspects of the Proposed Acquisition" below.

The consideration was determined by reference to the actual payments that have been made by Good Trader, and which will be made by Good Trader, in respect of the Properties and on the basis that no profit will accrue to the Vendor. The consideration, which shall not exceed HK\$57,750,001, shall be payable in cash and funded by internal resources of the Group. As it is expected that Good Trader will obtain bank financing to finance 70% of the purchase price payable for each of the Properties, which bank financing is currently being arranged by the Vendor for and on behalf of Good Trader, the consideration expected to be paid by Surely Great for the acquisition of Good Trader will be the sum of: (i) the face value of the shareholder's loan advanced by the Vendor to Good Trader for payment to the Owners of 30% of the purchase price of the Properties, amounting to HK\$34,650,000 in aggregate, plus other amounts paid or payable by Good Trader in connection with the sale and purchase of the Properties (including, Hong Kong stamp duty, registration fees, legal costs and real estate agency commission), which remain outstanding as at the Completion Date; and (ii) the par value of the one share of Good Trader held by the Vendor (as set out in paragraph (ii) above).

If Completion does not take place or if the Vendor shall fail to comply with his obligation to lend the Top-Up Loan to Good Trader in the manner described in the paragraph headed "Other material aspects of the Proposed Acquisition" below, all amounts paid by Surely Great to the Vendor pursuant to paragraph (i) and/or paragraph (iii) above shall forthwith be returned by the Vendor to Surely Great.

Conditions

Completion of the Deed is subject to and conditional upon, among other things:

- the representations, warranties, indemnities and undertakings given or made by the Vendor remaining true and accurate and not misleading at all times from the date of the Deed up to and including the Completion Date;

- the passing by the Independent Shareholders in a general meeting of an ordinary resolution approving the transactions contemplated under the Deed in accordance with the requirements of the Listing Rules and the Company's memorandum of association and bye-laws;
- Surely Great notifying the Vendor in writing that it is satisfied, in reliance on the warranties, with the findings and results of its due diligence investigation regarding the Properties, the Provisional Agreements and the Formal Agreements (including the state of title, existing tenancies and such other matters as Surely Great deems appropriate);
- all necessary consents being granted by third parties;
- the Vendor procuring Good Trader to duly perform and comply with all of its obligations under the Provisional Agreements and the Formal Agreements and to exercise or enforce its rights or take any step it is entitled to take under or in respect of the Provisional Agreements and/or the Formal Agreements in a timely manner and in any event within all applicable time limits (whether contractual, statutory or otherwise), in accordance with the directions of and with the prior written consent of Surely Great; and
- the Vendor complying with his obligation to lend the Top-Up Loan to Good Trader in the manner described in the paragraph headed "Other material aspects of the Proposed Acquisition" below.

Surely Great may waive any or all of the Conditions set out in paragraphs (i), (iii), (iv), (v) and (vi) above at any time by notice in writing to the Vendor. If the Conditions are not fulfilled or waived by Surely Great on or before 11 June 2005 (or such other date as Surely Great and the Vendor may agree in writing), Surely Great may, among other things, rescind the Deed. In the event that the Deed is rescinded, the provisions of the Deed will have no effect and no party shall have any liability under it (without prejudice to the rights of any part in respect of antecedent breaches), save for certain provisions relating to payments made by Surely Great to the Vendor prior to Completion (which are described in greater detail in the paragraph headed "Consideration" above).

Completion

Completion shall take place on the Completion Date. If any of the Conditions have not been satisfied or waived on or before 11 June 2005 (or such later date as the Vendor and Surely Great may agree in writing), Surely Great shall not be bound to proceed with the Proposed Acquisition and all amounts paid to the Vendor pursuant to the Deed shall be repaid without interest to Surely Great.

Other material aspects of the Proposed Acquisition

In the event that the unpaid portion of the purchase price payable for the Properties is greater than the sum of:

- the aggregate amount of bank financing obtained by Good Trader; and
- the aggregate amount of all amounts paid and/or payable by Surely Great prior to Completion (as described in sub-paragraphs (i), (ii) and (iii) in the paragraph headed "Consideration" above),

the Vendor shall, in the event that the completion of the sale and purchase of any Property pursuant to the respective Formal Agreements (or, the Provisional Agreements concerned, if no Formal Agreement has been entered into in respect of the relevant Property) shall take place before Completion, lend a sum equal to such shortfall (the "Top-Up Loan") to Good Trader, at such time as required by Surely Great so as to ensure that Good Trader has sufficient funds to complete the sale and purchase of the Properties pursuant to the terms of the relevant Provisional Agreement and/or the relevant Formal Agreement and on such terms as may be satisfactory to Surely Great.

INFORMATION ON GOOD TRADER

Good Trader is a limited liability company incorporated in Hong Kong on 17 November 2004 and is wholly and beneficially owned by the Vendor, who is the deputy chairman of the Board and the chief executive officer of the Company. Good Trader is an investment holding company, the only commercial activity of which has, since its incorporation, been the acquisition and holding of the Properties. Upon completion of the purchase of the Properties, the principal asset of Good Trader will be the Properties.

Based on the management accounts of Good Trader, the unaudited net losses of Good Trader for the period from the date of its incorporation to 6 January 2005 was HK\$10,800, representing business registration and formation expenses. Based on the management accounts of Good Trader, the unaudited net tangible liabilities of Good Trader as at 6 January 2005 (i.e., the date immediately before the date of the Deed) was HK\$10,799. Other than the payment for purchase price pursuant to the Provisional Agreements, Good Trader does not have any long-term liability as at the date of this announcement.

REASONS FOR, AND BENEFITS OF, THE PROPOSED ACQUISITION

The Group is engaged in building construction, repair, maintenance, renovation and fitting out, civil engineering and other contract works in Hong Kong. As the conditions for the construction industry in Hong Kong remain difficult, the Directors have actively been exploring opportunities to diversify the Group's business. In particular, in view of the recovery of the retail markets since the implementation of the Individual Visit Scheme in October 2003, the Directors are positive about the property markets, especially the retail property market, in Hong Kong and consider that the Group should direct more resources to pursue the property development and investment business.

In the past 12 months prior to the date of this announcement, the Group purchased: (i) a residential house in Riverain Bayside, Tai Po, New Territories for a consideration of HK\$9,000,000 on 1 March 2004 for investment or sale, depending on the market condition; and (ii) a 3-storey residential detached house at No. 9 Belfran Road, Kowloon (Section C of Kowloon Inland Lot No. 3281) for a consideration of HK\$40,000,000 on 25 June 2004 for re-development. In addition, the Group contracted to purchase: (i) Shop Nos. G29A2, G28, G65, G64A, G64B, G27A, G27B, G26A and G26B on Ground Floor of Portion B, Argyle Centre Phase 1, No. 688 Nathan Road, Kowloon for a consideration of HK\$180,000,000, for investment, which will be completed on 13 January 2005 and, as at the date of this announcement, a total deposit of HK\$18,000,000 has been paid in respect thereof; and (ii) a residential flat located at 78 Cadogan Square, London SW1, United Kingdom for a consideration of £1,000,000 (i.e., approximately HK\$14,700,000) for investment, which will be completed on or before 31 May 2005 and, as at the date of this announcement, a deposit of £130,000 (i.e., approximately HK\$1,911,000) has been paid in respect thereof.

In view of the requirement to subject the Proposed Acquisition to Shareholders' approval in general meeting under the Listing Rules, the Vendor, at the request of the Company, acquired the Properties through Good Trader, and entered into the Deed to sell Good Trader at cost, with no profit accruing to himself, to the Company. Prior to entering into the Deed, Good Trader entered into the Provisional Agreements on 22 December 2004 and 3 January 2005 as follows:

Properties	Consideration HK\$
(1) Ground Floor, 1st & 2nd Floors, No. 123 and No. 125 Tung Choi Street, Kowloon	90,000,000
(2) 3rd Floor to 5th Floor & Roof, No. 123 and No. 125 Tung Choi Street, Kowloon	12,000,000
(3) 2nd, 3rd & 4th Floors, No. 127 Tung Choi Street, Kowloon	8,100,000
(4) 1st Floor & Portion of Landing on Ground Floor & 5th Floor, No. 127 Tung Choi Street, Kowloon	5,400,000
	115,500,000

The Properties described in (1) and (2) above comprise two adjacent buildings and, as advised by the real estate agent, occupy a total gross area of approximately 8,100 square feet (excluding the Roof), with the Ground Floor of each of the building occupying approximately 800 square feet and the 1st Floor to 5th Floor of each of the building occupying approximately 650 square feet. On the other hand, the Properties described in (3) and (4) above comprise part of a building and, as advised by the real estate agent, occupy a total gross area of approximately 4,500 square feet, with each of the 1st Floor to 5th Floor occupying approximately 900 square feet.

The Properties described in (1), (2) and (3) above are subject to existing tenancies. The units on Ground Floor, 1st Floor and 5th Floor, No. 123 and No. 125 Tung Choi Street and 3rd Floor, No. 127 Tung Choi Street are currently leased to several tenants for retail, commercial and residential purposes. Certain tenancies are on a monthly basis while others will expire in February 2005, March 2005 and July 2007. The tenants together with their ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, are independent third parties not connected with any of the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates.

The Properties described in (4) above is sold on an "as is" basis, the vacant possession of which shall be delivered to Good Trader upon completion of the sale and purchase of the same.

The acquisition of the Properties, through the acquisition of Good Trader, will enlarge and strengthen the Group's property portfolio. Based on the total monthly rental of approximately HK\$347,000 from the existing tenancies, the current annual gross return of the Properties is approximately 3.6%. As several units on the Properties are currently vacant, the Company intends to refurbish them for rental. Therefore, it is expected that the rental will increase and a higher return will be generated. Furthermore, in view of the general upward trends in retail and property markets in Hong Kong as benefited from the PRC Government's supportive policies, the Directors are confident that the Properties will appreciate in value.

Taking into account that Good Trader had entered into the Provisional Agreements to acquire the Properties for an aggregate consideration of HK\$115,500,000, which was determined by reference to information based on discussions between the Vendor and several banks about the valuation of the Properties and negotiated on an arm's length basis and agreed on normal commercial terms with the Owners, the Directors (excluding the independent non-executive Directors who will opine on the Proposed Acquisition, after taking into account the advice to be received from the independent financial adviser) consider that the Proposed Acquisition, with no profit accruing to the Vendor, for the purpose of transferring the ultimate interests in the Provisional Agreements to acquire the Properties to the Company is in the interests of the Company and its Shareholders as a whole and that the terms of the Deed are fair and reasonable.

GENERAL

The Proposed Acquisition contemplated under the Deed constitutes a very substantial acquisition and connected transaction for the Company under the Listing Rules and therefore is subject to approval by Independent Shareholders, voting by way of poll, at the SGM under Rules 14.49 and 14A.18 of the Listing Rules.

The Vendor is, through Business Success Limited, a company which is wholly-owned by him, beneficially interested in 30,888,000 Shares, representing approximately 3.28% of the issued share capital of the Company. At the SGM, the Vendor and his associates, who have a material interest in the Proposed Acquisition, are required to abstain from voting on the relevant resolution for the approval of the Proposed Acquisition. An independent Board committee will be established to consider and to advise the Independent Shareholders in relation to the Proposed Acquisition contemplated under the Deed. An independent financial adviser will be appointed to advise the independent Board committee and the Independent Shareholders in this regard.

A circular containing, among other things, further details of the Deed, the valuation report on the Properties as well as the Group's properties as prepared by an independent professional surveyor, the recommendation from the independent Board committee to the Independent Shareholders, the recommendation from the independent financial adviser to the independent Board committee, the accountants' report on Good Trader and a notice to the Shareholders convening the SGM will be despatched to the Shareholders as soon as possible.

Shareholders should note that the Proposed Acquisition is subject to a number of Conditions, which may or may not be fulfilled. Accordingly, Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

As at the date of this announcement, the executive Directors comprise Mr. Ngai Chun Hung, Mr. Yau Kwok Fai, Mr. Shek Yu Ming Joseph and Mr. Li Chi Pong, and the independent non-executive Directors comprise Professor Ko Jan Ming, Hon. Ip Kwok Him, GBS, J.P and Mr. Fung Pui-Cheung Eugene.

Trading in the Shares was suspended at the request of the Company with effect from 9:30 a.m. on 10 January 2005 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the trading of the Shares to resume with effect from 9:30 a.m. on 12 January 2005.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings as set out below:

"associates"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of directors of the Company for the time being
"Company"	Vantage International (Holdings) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"Completion"	the completion of the transactions contemplated under the Deed in accordance with the terms thereof
"Completion Date"	the earlier of: (i) the 5th business day after (and exclusive of) the date of the Completion Notice; or (ii) in the event that Surely Great has not issued the Completion Notice on or before 17 June 2005 (or such other date as the Vendor and Surely Great may agree in writing) and all of the Conditions have been satisfied or waived by Surely Great (as the case may be), 22 June 2005 (or such other date as the Vendor and Surely Great may agree in writing)
"Completion Notice"	the written notice of completion from Surely Great to the Vendor, the issuance of which shall be after the last of the Conditions is satisfied or waived by Surely Great (as the case may be) and at such time as the board of directors of Surely Great may, in its absolute discretion, determine
"Conditions"	the conditions precedent to Completion (as described in the paragraph headed "The Deed - Conditions" of this announcement)
"Deed"	the deed dated 7 January 2005 in respect of the sale and purchase of the entire issued share capital of Good Trader and the shareholder's loan owed by Good Trader to the Vendor entered into between the Vendor and Surely Great
"Directors"	the directors of the Company
"Formal Agreements"	the formal sale and purchase agreement(s) to be entered into between Good Trader and each of the Owners in respect of the Properties
"Good Trader"	Good Trader Limited, a limited liability company incorporated in Hong Kong and wholly-owned by the Vendor
"Group"	the Company and its subsidiaries
"Independent Shareholders"	Shareholders, other than Mr. Yau and his associates, who have a material interest in the Proposed Acquisition
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Owner(s)"	the owner(s) of the Properties
"PRC"	the People's Republic of China, excluding Hong Kong for the purpose of this announcement
"Properties"	the 4 properties described in the paragraph headed "Reasons for, and benefits of, the Proposed Acquisition" of this announcement; and "Property" shall mean any one of them (as the context may require)
"Proposed Acquisition"	the sale and purchase of the entire issued share capital and shareholder's loan of Good Trader pursuant to the Deed
"Provisional Agreement(s)"	the 4 provisional sale and purchase agreement(s) entered into between Good Trader and each of the Owners in respect of the Properties
"SGM"	the special general meeting to be convened and held by the Company for seeking approvals from the Independent Shareholders for the Proposed Acquisition contemplated under the Deed
"Share(s)"	ordinary share(s) of HK\$0.01 each in the share capital of the Company
"Shareholders"	holders of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Surely Great"	Surely Great Limited, a company incorporated with limited liability in the British Virgin Islands, which is an indirect wholly-owned subsidiary of the Company
"Vendor"	Mr. Yau Kwok Fai, the deputy chairman of the Board and the chief executive officer of the Company
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong

By Order of the Board
Vantage International (Holdings) Limited
 Ngai Chun Hung
 Chairman

Hong Kong, 11 January 2005

* For identification purpose only