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VANDA SYSTEMS & COMMUNICATIONS HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

RESTORATION OF PUBLIC FLOAT AND EXCEPTIONAL PRICE AND TURNOVER MOVEMENT

The Company was informed by Hutchison and DBS Private Equity on 5 September, 2003 that in discharge of their respective undertakings to the Stock Exchange to restore the public float of the Shares to comply with the relevant requirements under the Listing Rules, they had effected placement of 90,000,000 and 60,000,000 existing shares in the Company respectively (in aggregate of 150,000,000 Shares representing approximately 9.8% of the existing issued share capital of the Company), resulting an increase in the public float of the Shares from approximately 19% to approximately 29%.

The Shares have been suspended from trading on the Stock Exchange from 2:30 p.m. on 5 September, 2003 at the request of the Company. The Company has made an application to the Stock Exchange to resume trading of the Shares on the Stock Exchange from 9:30 a.m. on 8 September 2003.

Reference is made to the announcement dated 3 September, 2003 (the "Announcement") issued by the Company in relation to, amongst other things, completion of Amendment Agreements and waiver from compliance with the public float requirement by the Company.

Unless the context other requires, terms used herein shall have the same meanings as those defined in the Announcement.

RESTORING PUBLIC FLOAT OF THE SHARES

Following conversion of the Bonds which took place on 3 September, 2003, the Shares held by the public represented approximately 19% of the issued share capital of the Company and was below the public float requirement of not less than 25% of the issued share capital of the Company being held by the public under Rule 8.08(1) of the Listing Rules. Each of Hutchison, DBS Private Equity and the Directors had undertaken to the Stock Exchange that appropriate actions would be taken to restore the public float of the Shares to comply with the relevant requirements under the Listing Rules as soon as practicable after full conversion of the Bonds.

The Company was informed today by Hutchison and DBS Private Equity that they had effected placement of 90,000,000 and 60,000,000 existing Shares (in aggregate of 150,000,000 Shares representing approximately 9.8% of the existing issued share capital of the Company), respectively on 5 September, 2003 to a placee who is independent of the directors, substantial shareholders, chief executive of the Company and its subsidiaries and their respective associates (as such term is defined in the Listing Rules) under private arrangements (the "Sales"). Consequently, Hutchison and DBS Private Equity will hold 569,888,793 and 394,883,333 Shares respectively, representing approximately 37% and 26% of the issued share capital of the Company. No new substantial shareholder (as such term is defined in the Listing Rules) will be introduced to the Company immediately after the completion of the Sales. Immediately following completion of the Sales, the public float of the Shares will be raised from approximately 19% to approximately 29%.

It is believed that such increase in the public float will enhance the liquidity of the Shares in the market and ensure sufficient Shares are held in public hands.

SUSPENSION AND RESUMPTION OF TRADING

The Shares have been suspended from trading on the Stock Exchange from 2:30 p.m. on 5 September, 2003 at the request of the Company. The Company has made an application to the Stock Exchange to resume trading of the Shares on the Stock Exchange from 9:30 a.m. on 8 September 2003.

EXCEPTIONAL PRICE AND TURNOVER MOVEMENT

The Board has noted the increase in the price and trading volume of the Shares today and wishes to state that, save for the matters described in this announcement and the announcement of the Company dated 3 September 2003, they are not aware of any reasons for such increase.

The Directors also confirm that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under paragraph 3 of the Listing Agreement, neither is the Board aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature.

Made by the order of the Board the Directors of which individually and jointly accept responsibility for the accuracy of this statement.

By order of the Board
Lee Sung Kit
Company Secretary

Hong Kong, 5 September, 2003

“Please also refer to the published version of this announcement in China Daily”