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VANDA GROUP

VANDA SYSTEMS & COMMUNICATIONS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

ONGOING CONNECTED TRANSACTIONS

Reference is made to (1) the joint announcement issued by HWL, CKH and Vanda dated 28 January 2004 in relation to, among other things, the Transactions and the Whitewash Waivers, (2) the joint announcement issued by HWL, CKH and Vanda dated 31 January 2004 in relation to the Placing (collectively, the “Announcements”), and (3) the circular (“Circular”) issued by Vanda dated 18 February 2004 to the Shareholders containing, among other things, further details of the Transactions, the Share Whitewash Waiver, certain ongoing connected transactions of Vanda after completion of the Transactions, the proposed increase in the authorised share capital of Vanda, the proposed grant of general mandates to issue and repurchase Vanda Shares, the proposed refreshment of share option scheme limit of Vanda and the proposed change of Vanda’s name.

Upon completion of the HGC Transaction and the PowerCom Transaction, each of HGC and PowerCom will become a wholly-owned subsidiary of Vanda respectively. As disclosed in the Circular, certain members of the Enlarged Vanda Group have entered into certain transactions with and are expected to continue to enter into such transactions with the Remaining HWL Group after completion of the Transactions. After completion of the Transactions and of the Placing, such transactions will constitute connected transactions for Vanda under the Listing Rules and (on or after 31 March 2004) the Revised Listing Rules for so long as HWL’s interest, held directly or indirectly through its subsidiaries, in Vanda shall equal to or exceed 10% of the then issued share capital of Vanda.

Vanda has applied to the Stock Exchange for a waiver from strict compliance with Chapter 14 of the Listing Rules and (on or after 31 March 2004) Chapter 14A of the Revised Listing Rules in respect of the Ongoing Connected Transactions.

INTRODUCTION

Reference is made to (1) the Announcements issued by HWL, CKH and Vanda dated 28 January 2004 and 31 January 2004 respectively in relation to, among other things, the Transactions, the Whitewash Waivers and the Placing, and (2) the Circular issued by Vanda dated 18 February 2004 to the Shareholders containing, among other things, further details of the Transactions, the Share Whitewash Waiver, certain ongoing connected transactions of Vanda after completion of the Transactions, the proposed increase in the authorised share capital of Vanda, the proposed grant of the general mandates to issue and repurchase Vanda Shares, the proposed refreshment of share option scheme limit of Vanda and the proposed change of

Vanda's name. Terms used in this announcement shall have the same meanings as those defined in the Circular or any of the Announcements unless the context requires otherwise.

Upon completion of the HGC Transaction and the PowerCom Transaction, each of HGC and PowerCom will become a wholly-owned subsidiary of Vanda respectively. As disclosed in the Circular, certain members of the Enlarged Vanda Group (being the Vanda Group, together with the HGC Group and the PowerCom Group) have entered into certain transactions and are expected to continue to enter into such transactions with the Remaining HWL Group (being the HWL Group and associates of HWL, excluding the Enlarged Vanda Group) after completion of the Transactions. After completion of the Transactions and of the Placing, such transactions will constitute connected transactions for Vanda under the Listing Rules and (on or after 31 March 2004) the Revised Listing Rules for so long as HWL's interest, held directly or indirectly through its subsidiaries, in Vanda shall equal to or exceed 10% of the then issued share capital of Vanda.

Further information relating to such connected transactions are set out below.

ONGOING CONNECTED TRANSACTIONS

Non-exempt Ongoing Connected Transactions

The following are those of the Ongoing Connected Transactions which will after completion of the Transactions and of the Placing be subject to reporting, announcement and independent Shareholders' approval requirements under the Listing Rules and (on or after 31 March 2004) the Revised Listing Rules and are referred to as "Non-exempt Ongoing Connected Transactions" in this announcement:

Provision of telecommunications and Internet services to the Remaining HWL Group

The Enlarged Vanda Group (other than the Vanda Group) currently provides, and will continue to provide, local and international telecommunications services (including, among others, leased line services), mobile interconnection services, mobile number portability (MNP) porting and dipping services, Internet access bandwidth (with value added services) and Internet and web hosting services to the Remaining HWL Group (the "Non-exempt Telecommunications and Internet Services"). Local and international telecommunications services have been provided to the Remaining HWL Group since about 1995 following the issuance of the FTNS licence to the HGC Group whereas certain other services were first provided at around the time when such services were available from the relevant member of the Enlarged Vanda Group (other than the Vanda Group). The provision of the Non-exempt Telecommunications and Internet Services at present is, and after the completion of the Transactions will be, on normal commercial terms and in the ordinary and usual course of business of the Enlarged Vanda Group. The services are and will be charged by the Enlarged Vanda Group at rates no less favourable to the Enlarged Vanda Group than those provided to independent third parties.

The total charges in respect of the Non-exempt Telecommunications and Internet Services paid by the Remaining HWL Group to the Enlarged Vanda Group (other than the Vanda Group) in the year ended 31 December 2003 was approximately HK\$259.0 million. It is expected that the total of such charges payable by the Remaining HWL Group to the Enlarged Vanda Group for each of the three years ending 31 December 2004, 2005 and 2006 will not exceed HK\$382.8 million, HK\$548.8 million and HK\$669.0 million respectively, representing an increase over the preceding year of approximately 48%, 43% and 22% respectively. These amounts are arrived at by reference to the figure for the year ended 31 December 2003, after taking into account (i) the expected growth in the areas of business for which the relevant services are provided as a result of the continuous building and expansion of the backbone network over the past few years; (ii) increase in the number of customers for existing business, such as IRU (Indefeasible Rights of Use) sales and leasing of IPLCs (International Private Leased Circuits), that are anticipated; and (iii) anticipated general business growth. Such factors are expected to lead to an increase in the volume and value of the services provided to the Remaining HWL Group, and thus resulting in the expected increase in the charges payable. However, as the rates of growth attributed to one or more of such factors vary from

year to year, the expected annual percentage increase in the charges is therefore not uniform over the period.

As the provision of the Non-exempt Telecommunications and Internet Services is of a continuing and recurring nature and the aggregate annual consideration is expected to be more than the higher of HK\$10,000,000 or 3% of the Enlarged Vanda Group Proforma NTA, it will be subject to independent Shareholders' approval pursuant to Chapter 14 of the Listing Rules. Further, as one or more of (where applicable) the "assets ratio", "revenue ratio" and "consideration ratio" under the Revised Listing Rules in respect of the provision of such services is or are expected to be (i) not less than 2.5% on an annual basis; and (ii) equal to or more than 25% on an annual basis or the annual consideration for such services is expected to be more than HK\$10,000,000, under Chapter 14A of the Revised Listing Rules the provision of such services will also be subject to independent Shareholders' approval.

Provision of data centre services to the Remaining HWL Group

Hutchison GlobalCenter Limited ("Hutchison GlobalCenter"), a member of the Enlarged Vanda Group, currently provides, and is expected to continue to provide, after completion of the Transactions and of the Placing, data centre services to the Remaining HWL Group ("Non-exempt Data Centre Services Arrangements"). Such data centre services include data centre facilities (including power supply, telecommunications connectivity, air-conditioning, and fire prevention and security systems), hardware and software management and co-location services. Some of such services have been provided to the Remaining HWL Group since 2000. The provision of such services at present is, and after the completion of the Transactions will be, on normal commercial terms and in the ordinary and usual course of business of Hutchison GlobalCenter. Such services are and will also be charged by the Enlarged Vanda Group at rates no less favourable to the Enlarged Vanda Group than those provided to independent third parties.

The total consideration in respect of the Non-exempt Data Centre Services Arrangements received by Hutchison GlobalCenter (although not a member of the HGC Group then) for the provision of such services in the year ended 31 December 2003 was approximately HK\$16.2 million and it is expected that the total of such consideration to be received by Hutchison GlobalCenter for each of the three years ending 31 December 2004, 2005 and 2006 will not exceed HK\$23.9 million, HK\$26.3 million and HK\$28.9 million respectively, representing an increase over the preceding year of approximately 47%, 10% and 10% respectively. These amounts are arrived at by reference to the figure for the year ended 31 December 2003. A considerable increase is expected for the amount in respect of the year ending 31 December 2004 as compared to the figure for the year ended 31 December 2003 mainly because of the introduction of a new area of business (namely, IT (Information Technology) out-sourcing). For each of the two years ending 31 December 2005 and 2006, the amount stated in respect of each year represents an expected general business growth from that of the preceding year. The introduction of the new area of business referred to above and the general business growth are expected to lead to an increase in the volume or value (or both) of the services provided to the Remaining HWL Group, and thus resulting in the expected increase in the consideration payable.

As the provision of services under the Non-exempt Data Centre Services Arrangements is of a continuing and recurring nature and the aggregate annual consideration is expected to be more than the higher of HK\$10,000,000 or 3% of the Enlarged Vanda Group Proforma NTA, it will be subject to independent Shareholders' approval pursuant to Chapter 14 of the Listing Rules. Further, as one or more of (where applicable) the "assets ratio", "revenue ratio" and "consideration ratio" under the Revised Listing Rules in respect of the provision of such services may be (i) not less than 2.5% on an annual basis; and (ii) equal to or more than 25% on an annual basis or the annual consideration for such services is expected to be more than HK\$10,000,000, under Chapter 14A of the Revised Listing Rules the provision of such services will in that event also be subject to independent Shareholders' approval.

Discloseable Ongoing Connected Transactions

The following are those of the Ongoing Connected Transactions which will after completion of the Transactions and of the Placing be subject to reporting and announcement requirements under the Listing Rules and (on or after 31 March 2004) the Revised Listing Rules:

Lease and licence arrangements between the Remaining HWL Group and the Enlarged Vanda Group

The Enlarged Vanda Group (as lessee or licensee) has since around 2000 entered into various lease and licence arrangements with various members of the Remaining HWL Group (as landlord or licensor) (the "Lease Arrangements"). The Lease Arrangements are in respect of building spaces and other premises for use by the Enlarged Vanda Group as offices or for other business purposes, and will expire in 2004 to 2006 (with options to renew in some cases). The Lease Arrangements have been entered into on normal commercial terms and on terms no less favourable to the Enlarged Vanda Group than those offered by landlords and licensors who are independent third parties.

The aggregate consideration paid by the Enlarged Vanda Group to the Remaining HWL Group under all the Lease Arrangements (excluding any amounts paid and payable to the landlords or licensors as reimbursement for payments in turn payable to the relevant government authorities) in the year ended 31 December 2003 was approximately HK\$22.9 million. It is expected that the aggregate annual consideration payable under all the Lease Arrangements by the Enlarged Vanda Group to the Remaining HWL Group (excluding any amounts paid and payable to the landlords or licensors as reimbursement for payments in turn payable to the relevant government authorities) for each of the three years ending 31 December 2004, 2005 and 2006 will not exceed HK\$25.2 million, HK\$26.6 million and HK\$29.0 million respectively. In respect of those arrangements under the Lease Arrangements with an annual consideration of not less than HK\$1,000,000 each in the relevant year, the aggregate consideration paid by the Enlarged Vanda Group to the Remaining HWL Group (excluding any amounts paid and payable to the landlords or licensors as reimbursement for payments in turn payable to the relevant government authorities) in the year ended 31 December 2003 was approximately HK\$16.7 million. It is expected that the aggregate annual consideration payable under all the Lease Arrangements with an annual consideration of not less than HK\$1,000,000 each in the relevant year by the Enlarged Vanda Group to the Remaining HWL Group (excluding any amounts paid and payable to the landlords or licensors as reimbursement for payments in turn payable to the relevant government authorities) for each of the three years ending 31 December 2004, 2005 and 2006 will not exceed HK\$18.3 million, HK\$21.0 million and HK\$22.8 million respectively. These amounts are arrived at by reference to the figures for the year ended 31 December 2003, after taking into account (in the case of leases and licences which are to expire) the expected increase in rental, management fees etc. in view of the current property market in Hong Kong. In respect of any new Lease Arrangements (whether upon renewal pursuant to options to renew under the terms of the existing Lease Arrangements, or otherwise), the relevant requirements of the Listing Rules or (on or after 31 March 2004) the Revised Listing Rules then in force will be fully complied with.

Each of those arrangements under the Lease Arrangements which are not exempt from disclosure requirements ("Non-exempt Lease Arrangements") is of a continuing and recurring nature. The annual consideration under each of the Non-exempt Lease Arrangements individually is expected to be less than the higher of HK\$10,000,000 or 3% of the Enlarged Vanda Group Proforma NTA. Further, in respect of each of the Non-exempt Lease Arrangements, each of (where applicable) the "assets ratio", "revenue ratio" and "consideration ratio" under the Revised Listing Rules is on an annual basis expected to be (i) less than 2.5%; or (ii) equal to or more than 2.5% but less than 25% and the annual consideration is expected to be less than HK\$10,000,000. Therefore, all Non-exempt Lease Arrangements will fall within the requirements under Rule 14.25(1) of the Listing Rules and the exemption under Rule 14A.34 of the Revised Listing

Rules, and thus are only subject to the reporting and announcement requirements set out in those rules and are exempt from the independent Shareholders' approval requirements.

Bill collection services provided by a member of the Remaining HWL Group

Under an agreement dated 1 November 2002 between A.S. Watson Group (HK) Limited ("Watson", which is an indirect wholly-owned subsidiary of HWL) and HGCL as amended, Watson was appointed as an agent for HGCL and its subsidiaries to receive at retail outlets operated by Watson in Hong Kong customer payments for services rendered by HGCL and its subsidiaries ("Bill Collection Services"). HGCL is required to pay to Watson an agreed amount of commission per transaction, depending on the number of transactions processed per month, subject to an agreed minimum commission per month if the number of transactions per month is less than an agreed minimum. HGCL is also responsible for paying any EPS, credit card or Octopus card charges at the rates notified by Watson. The agreement commenced on 1 November 2002 and is expected to continue until 31 December 2006. The agreement has been entered into on normal commercial terms.

The total consideration paid by HGCL for such services in the year ended 31 December 2003 was approximately HK\$3.2 million. It is expected that the total of such consideration for each of the three years ending 31 December 2004, 2005 and 2006 will not exceed HK\$4.3 million, HK\$5.6 million and HK\$6.0 million respectively, representing an increase over the preceding year of approximately 34%, 30% and 7% respectively. These amounts are arrived at by reference to the figure for the year ended 31 December 2003, taking into account the expected increases in the number of transactions for customer payments effected at the retail outlets of Watson. Such expected increases in number of transactions are arrived at taking into account (i) the expected growth in the areas of services to be provided by HGCL and its subsidiaries to customers (such as broadband services and fixed line telecommunications services); and (ii) the expected increase in the number of customers making payments through retail outlets of Watson. Factors described in (i) and (ii) are expected to lead to an increase in the number or value (or both) of the customer payment transactions, and thus resulting in the expected increase in the consideration payable. However, as the rates of growth attributed to one or both of such factors vary from year to year, the expected annual percentage increase in the consideration is therefore not uniform over the period.

The transactions under the Bill Collection Services are of a continuing and recurring nature and the aggregate annual consideration is expected to be less than the higher of HK\$10,000,000 or 3% of the Enlarged Vanda Group Proforma NTA. Further, each of (where applicable) the "assets ratio", "revenue ratio" and "consideration ratio" under the Revised Listing Rules is on an annual basis expected to be (i) less than 2.5%; or (ii) equal to or more than 2.5% but less than 25% and the annual consideration is expected to be less than HK\$10,000,000. Therefore, all such transactions will fall within the requirements under Rule 14.25(1) of the Listing Rules and the exemption under Rule 14A.34 of the Revised Listing Rules, and thus are only subject to the reporting and announcement requirements set out in those rules and are exempt from the independent Shareholders' approval requirements.

Sharing of services with the Remaining HWL Group

Members of the Remaining HWL Group have been (since the commencement of business of the HGC Group in around 1995) sharing with and are expected to continue to share with the Enlarged Vanda Group services including, among others, legal and regulatory services, company secretarial services, financial, accounting, tax and internal audit support services, provident fund management services, participation in the Remaining HWL Group's pension scheme, participation in the Remaining HWL Group's medical scheme, participation in the Remaining HWL Group's insurance scheme, shared use of accounting software system and related services, information technology services, participation in the Remaining HWL Group's procurement projects with third party vendors/suppliers, other staff benefits and staff training services, use of the Remaining HWL Group's club debentures, company functions and activities, electrical and

mechanical support services, electronic mail messaging services, sharing of electricity services, and mail and courier services (the “Shared Services Arrangements”). The Enlarged Vanda Group will bear the costs and expenses incurred in connection with the provision of such services. In addition, the Enlarged Vanda Group will pay a fee to the Remaining HWL Group. Vanda intends to enter into an agreement with HIL in relation to the Shared Services Arrangements.

The fee paid by the HGC Group in the year ended 31 December 2003 was approximately HK\$12.0 million. It is expected that such fee payable by the Enlarged Vanda Group for the three years ending 31 December 2004, 2005 and 2006 will not exceed HK\$8.0 million, HK\$9.0 million and HK\$9.8 million respectively. These amounts are arrived at by reference to the figure for the year ended 31 December 2003. The maximum amount expected to be payable by the Enlarged Vanda Group to the Remaining HWL Group in each of the years ending 31 December 2004, 2005 and 2006 is less than the fee paid for the year ended 31 December 2003 on the expectation that the management functions in relation to the HGC Group will be taken over by the board and executives of the Enlarged Vanda Group following completion of the HGC Transaction. Such taking over by the board and executives of the Enlarged Vanda Group is expected to result in a decrease in the level (and hence value) of the Shared Services Arrangements, and thus resulting in the expected decrease in the fee payable in the three years ending 31 December 2004, 2005, 2006 respectively compared with that paid in the year ended 31 December 2003. The expected increase in the maximum amounts payable for the years ending 31 December 2005 and 2006 is attributable to the general business growth and level of activities of the Enlarged Vanda Group thereby resulting in increased utilisation of the Shared Services Arrangements by the Enlarged Vanda Group and general inflationary increases.

The transactions under the Shared Services Arrangements are of a continuing and recurring nature and the aggregate annual consideration is expected to be less than the higher of HK\$10,000,000 or 3% of the Enlarged Vanda Group Proforma NTA. Further, each of (where applicable) the “assets ratio”, “revenue ratio” and “consideration ratio” under the Revised Listing Rules is on an annual basis expected to be (i) less than 2.5%; or (ii) equal to or more than 2.5% but less than 25% and the annual consideration is expected to be less than HK\$10,000,000. Therefore, the Shared Services Arrangements will fall within the requirements under Rule 14.25(1) of the Listing Rules and the exemption under Rule 14A.34 of the Revised Listing Rules, and thus are only subject to the reporting and announcement requirements set out in those rules and are exempt from the independent Shareholders’ approval requirements.

Waiver Application

The Vanda Directors (including members of the Independent Board Committee) are of the view that each of the Ongoing Connected Transactions is or will be on normal commercial terms and is fair and reasonable and in the interests of the Shareholders taken as a whole, having regard to the circumstances in which it was entered into or is to be entered into.

Each of the transactions under the Non-exempt Lease Arrangements, Bill Collection Services and Shared Services Arrangements will be subject to the reporting and announcement requirements set out in Rule 14.25(1) of the Listing Rules or (on and after 31 March 2004) Rules 14A.45 to 14A.47 of the Revised Listing Rules. Each of the transactions under the Non-exempt Telecommunications and Internet Services and the Non-exempt Data Centre Services Arrangements will be subject to the reporting, announcement and independent shareholders’ approval requirements set out in Rules 14.25(3) and 14.29 of the Listing Rules or (on and after 31 March 2004) Rules 14A.45 to 14A.48 of the Revised Listing Rules. However, as all Ongoing Connected Transactions will be conducted in the ordinary and usual course of business and will occur on a regular basis, it would not be practical for Vanda to make ongoing disclosures of, or, where it is required under the Listing Rules or the Revised Listing Rules, obtain approval from the independent Shareholders for, each of such transactions. As such, Vanda has applied to the Stock Exchange for the grant

of a waiver from strict compliance with the connected transactions requirements under Chapter 14 of the Listing Rules or (on or after 31 March 2004) Chapter 14A of the Revised Listing Rules for each of the Ongoing Connected Transactions subject to the conditions set out below and, in respect of the Non-exempt Ongoing Connected Transactions, for a term of three years ending 31 December 2006 and subject to the approval of the independent Shareholders:

- (a) the Ongoing Connected Transactions are or are to be entered into:
 - (i) in the ordinary and usual course of business of the Enlarged Vanda Group;
 - (ii) on an arm's length basis and conducted either (1) on normal commercial terms or (2) where there is no available comparison, on terms no less favourable to the Enlarged Vanda Group than those available to or from (as appropriate) independent third parties; and
 - (iii) either (1) in accordance with the terms of the agreements governing the relevant Ongoing Connected Transactions or (2) where there are no such agreement, on terms that are fair and reasonable so far as the Shareholders are concerned;
- (b) the annual aggregate values of each category of the Ongoing Connected Transactions for each financial year of Vanda shall not exceed the relevant cap amounts ("Cap Amounts") set out below:

Transactions	Cap Amounts
Non-exempt Telecommunications and Internet Services	HK\$382.8 million, HK\$548.8 million and HK\$669.0 million for the years ending 31 December 2004, 31 December 2005 and 31 December 2006 respectively
Non-exempt Data Centre Services Arrangements	HK\$23.9 million, HK\$26.3 million and HK\$28.9 million for the years ending 31 December 2004, 31 December 2005 and 31 December 2006 respectively
Each of the Non-exempt Lease Arrangements individually	the limit set out in Rule 14.25(1) of Listing Rules, or (on or after 31 March 2004) Rule 14A.34 of the Revised Listing Rules
Bill Collection Services	the limit set out in Rule 14.25(1) of Listing Rules, or (on or after 31 March 2004) Rule 14A.34 of the Revised Listing Rules
Shared Services Arrangements	the limit set out in Rule 14.25(1) of Listing Rules, or (on or after 31 March 2004) Rule 14A.34 of the Revised Listing Rules

- (c) the independent non-executive Vanda Directors shall review the Ongoing Connected Transactions annually and confirm in Vanda's annual report and accounts for the relevant financial year that such transactions have been entered into:
 - (i) in the ordinary and usual course of business of the Enlarged Vanda Group;
 - (ii) on arm's length basis and conducted either (1) on normal commercial terms or (2) where there is no available comparison, on terms no less favourable to the Enlarged Vanda Group than those available to or from (as appropriate) independent third parties; and
 - (iii) either (1) in accordance with the terms of the agreements governing the relevant Ongoing Connected Transactions or (2) where there are no such agreements, on terms that are fair and reasonable so far as the Shareholders are concerned;
- (d) the auditors of Vanda shall review the Ongoing Connected Transactions annually and confirm to the Vanda Board in writing (with a copy to the Stock Exchange) that:
 - (i) the Ongoing Connected Transactions have received the approval of the Vanda Board;
 - (ii) if the Ongoing Connected Transactions involve provision of goods or services by Vanda, the

transactions have been entered into in accordance with the pricing policies stated in the relevant agreements governing them or set by the Vanda Board from time to time;

- (iii) the Ongoing Connected Transactions have been entered into in accordance with the relevant agreements governing them or, if there are no such agreements, on terms that are fair and reasonable so far as the Shareholders are concerned; and
- (iv) the aggregate annual values of the Ongoing Connected Transactions have not exceeded the relevant caps referred to in (b) above;
- (e) details of the Ongoing Connected Transactions as described in Rule 14A.45(1) to (5) of the Revised Listing Rules shall be disclosed in the annual report of Vanda for the relevant financial year; and
- (f) Vanda shall promptly notify the Stock Exchange if it knows or has reason to believe that the independent non-executive Vanda Directors and/or the auditors of Vanda will not be able to confirm the matters set out in (c) and (d) above respectively.

GENERAL

The Non-exempt Ongoing Connected Transactions requires independent Shareholders' approval (with HIL and other persons so required under the Listing Rules or otherwise by the Stock Exchange abstaining from voting). The Independent Board Committee has been established to advise the independent Shareholders in relation to, among other things, the Non-exempt Ongoing Connected Transactions. Somerley has been appointed as the independent financial adviser to advise the Independent Board Committee in relation to, among other things, the Non-exempt Ongoing Connected Transactions.

The Circular containing, among other things, information on the Ongoing Connected Transactions and a notice to convene the SGM has been despatched to the Shareholders on 18 February 2004. At the SGM, a resolution will be proposed for the approval of, among other things, the Non-exempt Ongoing Connection Transactions. As stated in the Circular, the Independent Board Committee, having taken into account, among other things, the terms of the Non-exempt Ongoing Connected Transactions and the advice from Somerley, considers that the terms of the Non-exempt Ongoing Connected Transactions are fair and reasonable so far as the independent Shareholders are concerned. Accordingly the Independent Board Committee recommends the independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve, among others, the Non-exempt Ongoing Connected Transactions.

By Order of the Board
Vanda Systems & Communications Holdings Limited
Loh Tiak Koon

Chief Executive Officer and Executive Director

Hong Kong, 3 March 2004

The Vanda Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

Please also refer to the published version of this announcement in The Standard dated 4 March 2004.