



# VANTAGE INTERNATIONAL (HOLDINGS) LIMITED

## (盈信控股有限公司)\*

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

### ANNOUNCEMENT OF ANNUAL AUDITED RESULTS FOR THE YEAR ENDED 31 MARCH 2003

The directors (the "Directors") of the Company are pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2003, which have been prepared in accordance with accounting principles generally accepted in Hong Kong, together with 2002 comparative figures, set out as follows:

	Notes	2003 HK\$'000	2002 HK\$'000
<b>TURNOVER – contract revenue</b>	2	<b>661,225</b>	367,417
Contract costs		<b>(626,775)</b>	(353,029)
Gross profit		<b>34,450</b>	14,388
Other revenue	3	<b>2,668</b>	1,336
Administrative expenses		<b>(19,806)</b>	(21,171)
Other operating expenses		<b>(3,462)</b>	(2,689)
Profit/(Loss) from operating activities	4	<b>13,850</b>	(8,136)
Finance costs	5	<b>(1,688)</b>	(426)
Share of profits and losses of jointly-controlled entities		<b>7</b>	(33)
Profit/(Loss) before tax		<b>12,169</b>	(8,595)
Tax	6	<b>(1,537)</b>	(468)
Profit/(Loss) before minority interests		<b>10,632</b>	(9,063)
Minority interests		<b>–</b>	(115)
<b>Net profit/(loss) from ordinary activities attributable to shareholders</b>		<b>10,632</b>	(9,178)
<b>Dividend – Proposed final</b>	7	<b>4,224</b>	–
<b>Earnings/(Loss) per share</b>	8		
– Basic		<b>1.3 cents</b>	(1.1) cents
– Diluted		<b>N/A</b>	N/A

Notes:

#### 1. SIGNIFICANT ACCOUNTING POLICIES

The accounts have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the periodic revaluation of investment properties.

The following new and revised SSAPs became effective and were adopted by the Group during the year:

- SSAP 1(Revised): "Presentation of financial statements"
- SSAP 11(Revised): "Foreign currency translation"
- SSAP 15(Revised): "Cash flow statements"
- SSAP 34: "Employee benefits"

Except for certain changes in presentation due to the adoption of SSAP 1 (Revised) and SSAP 15 (Revised), the adoption of the above new or revised SSAPs has no material effect on the accounts.

#### 2. TURNOVER AND SEGMENT INFORMATION

Analysis of the Group's turnover and contribution to profit/(loss) from operating activities by business segments is as follows:

	Turnover		Contribution to operating activities	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Building construction	399,502	150,221	17,158	4,337
Civil engineering works	104,544	99,691	5,624	5,869
Renovation, repairs and maintenance	157,179	117,505	11,668	4,182
	<b>661,225</b>	<b>367,417</b>	<b>34,450</b>	14,388
Interest and unallocated revenue			<b>2,668</b>	1,336
Unallocated expenses			<b>(23,268)</b>	(23,860)
Profit/(Loss) from operating activities			<b>13,850</b>	(8,136)

During the two years ended 31 March 2003, the Group was principally engaged in its business in Hong Kong, therefore no geographical segment information is presented.

#### 3. OTHER REVENUE

	2003 HK\$'000	2002 HK\$'000
Interest income	<b>1,504</b>	713
Exchange gains, net	<b>728</b>	308
Sundry income	<b>436</b>	315
	<b>2,668</b>	1,336

#### 4. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

Profit/(Loss) from operating activities has been arrived at after charging/(crediting):

	2003 HK\$'000	2002 HK\$'000
Depreciation	<b>1,566</b>	1,316
Deficit on revaluation of investment properties	<b>2,340</b>	1,900
Goodwill amortisation*	<b>861</b>	790
Staff costs (including directors' remuneration)	<b>57,303</b>	41,999
Interest income	<b>(1,504)</b>	(713)

\* The amortisation of goodwill is included in "Other operating expenses".

#### 5. FINANCE COSTS

	2003 HK\$'000	2002 HK\$'000
Interest on bank loans, overdrafts and trust receipt loans	<b>1,684</b>	414
Interest on finance leases	<b>4</b>	12
	<b>1,688</b>	426

#### 6. TAX

	2003 HK\$'000	2002 HK\$'000
Hong Kong:		
Provision for the year	<b>1,534</b>	22
Prior year underprovision	<b>3</b>	446
Tax charge for the year	<b>1,537</b>	468

Hong Kong profits tax has been provided at the rate of 16% (2002: 16%) on the estimated assessable profits arising in Hong Kong during the year.

The Group did not have any significant unprovided deferred tax for the year (2002: Nil).

#### 7. DIVIDEND

	2003 HK\$'000	2002 HK\$'000
Final dividend proposed after year end – HK0.5 cent (2002: nil)	<b>4,224</b>	–

The proposed final dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

#### 8. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the Group's net profit from ordinary activities attributable to shareholders for the year of approximately HK\$10,632,000 (2002: loss of approximately HK\$9,178,000) and the weighted average number of 844,800,000 shares (2002: 839,120,000 shares) in issue during the year. The weighted average number of shares in issue for the year ended 31 March 2002 has been retrospectively adjusted for the effect of the subdivision of every share of HK\$0.10 each in the issued and unissued share capital of the Company to four shares of HK\$0.025 each on 6 August 2002.

Diluted earnings/(loss) per share is not presented for both years as the Company had no dilutive potential ordinary shares during both years.

#### DIVIDEND

The Directors have recommended the payment of a final dividend of HK0.5 cent per ordinary share. This recommendation is subject to shareholders' approval at the Annual General Meeting to be held on 15 August 2003. Upon shareholders' approval, the final dividend will be paid on 22 August 2003.

#### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 8 August 2003 to 15 August 2003, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all completed transfer forms together with the relevant share certificates must be lodged with the Company's share register in Hong Kong, Tengis Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong no later than 4:30 p.m. on 7 August 2003.

#### BUSINESS REVIEW

During the year, both the works progress and performance of the construction, civil as well as maintenance contracts were satisfactory. The Group successfully completed the following substantial contracts:

- Construction of Village Flood Protection Works for Pok Wai and Stormwater Interception Drain for Wang Chau;
- Construction of Treatment and Disposal Facilities for Waterworks Sludge from Tai O Water Treatment Works;
- District Term Contract for the Maintenance and The Vacant Flat Refurbishment for Kowloon South District 2000/2002;
- Construction of Additional Classrooms and Multi-purpose Hall for Chinese International School;
- Buddhist Tai Kwong Middle School – Slope and Retaining Wall Stabilisation Work.

The performance of the Group's two wholly-owned subsidiaries, Able Engineering Company Limited ("Able") and Excel Engineering Company Limited ("Excel"), has continued to be highly recognised by the Government of the HKSAR, including the Architectural Services Department ("ASD"), the Water Supplies Department and the Drainage Services Department. During the year, Able and Excel were awarded by the government departments several significant contracts which amount to approximately HK\$1,852 million in total in terms of contract value and comprise the following:

- Reconstruction of Catchwater Channels and Upgrading of Adjoining Priority Slopes in Hong Kong Islands and Lantau Islands;
- Construction of Sewerage Along Sha Tau Kok Road and Village Sewerage;
- Conversion and Extension of Fifteen Existing Schools under the School Improvement Programme;
- Construction of a 24-Classroom Primary School at Hing Ping Road, Tuen Mun, N.T.;
- Construction of One Primary School and Two Secondary Schools in Area 13, Tseung Kwan O;
- Construction of Public Mortuary in Kwai Chung;
- 39-Month Term Contract for the Alterations, Additions, Maintenance and Repair of Buildings and Lands; and
- Term Contract for Design and Construction of Minor Works to Government and Subvented Properties.

In addition, the Group also secured 3 major contracts from the private sector which comprise:

- Raft Foundation Works for Proposed International Christian Quality Music Secondary and Primary School;
- Redevelopment of Former of School Premises of Chuen Yuen Second School; and
- Construction of Tung Wah Group of Hospitals Wong Tai Sin Hospital Chinese Medicine Clinical Research & Services Centre.

All of the above contracts commenced on schedule during the year and are progressing satisfactorily.

As of 31 March 2003, the total and outstanding values of the Group's substantial contracts on hand were approximately HK\$2,784 million and HK\$2,152 million respectively. These contracts will be completed in around three years' time.

#### FINANCIAL REVIEW

##### Liquidity and Financial Resources

As of 31 March 2003, the Group had cash and bank balances of approximately HK\$27,578,000 (excluding fixed deposits of approximately HK\$22,220,000 pledged in favour of banks to secure the Group's banking facilities), which represented a 55.7% increase from HK\$17,716,000 as of 31 March 2002. Current ratio, measured as total current assets divided by total current liabilities, was 1.36 as of 31 March 2003 (2002: 2.04).

The Group has drawn several new short-term bank loans to finance the working capital of the new contracts commenced during the year. As a result, there has been a considerable increase in the bank borrowings to HK\$44,126,000 as of 31 March 2003 from HK\$838,000 as of 31 March 2002. Meanwhile, the gearing ratio, measured on the basis of total bank borrowings and finance lease payables as a percentage of total shareholders' equity, increased to 36.3% as of 31 March 2003 (2002: 0.8%). The Group's borrowings are principally on a floating rate basis and denominated in Hong Kong dollars. Interest expenses on bank borrowings increased to approximately HK\$1,684,000 for this year (2002: HK\$414,000).

Total banking facilities, comprising primarily bank loans and overdrafts, amounted to HK\$172 million as of 31 March 2003, of which approximately HK\$128 million was utilised.

##### Charges on Assets

As of 31 March 2003, fixed deposits of approximately HK\$22,220,000 (2002: HK\$18,915,000), accounts receivable related to certain contracts and investment properties with total carrying value of HK\$12,000,000 (2002: HK\$2,300,000) were pledged in favour of certain banks to secure the banking facilities granted by those banks to the Group.

##### Contingent Liabilities

As of 31 March 2003, the Company had contingent liabilities in relation to guarantees given to banks against the facilities utilized by a subsidiary to the extent of approximately HK\$44,126,000 (2002: HK\$838,000). In addition, the Group also had trade debtors factored to a bank with recourse of approximately HK\$12,836,000 (2002: nil) and outstanding guarantees under performance bonds of approximately HK\$2,000,000 (2002: HK\$5,263,000) given by certain banks in favour of certain contract customers.

##### Capital Structure

At the extraordinary general meeting held on 5 August 2002, the shareholders of the Company approved the subdivision of every share of HK\$0.10 each in the issued and unissued share capital into four shares of HK\$0.025 each with effect from 6 August 2002. There has been no change in the total amount of the issued share capital.

##### STAFF AND REMUNERATION POLICY

As of 31 March 2003, the Group employed 255 full-time staff in Hong Kong. The Group remunerates its staff based on their performance and work experience and the prevailing market rates. Staff benefits include mandatory provident fund, medical insurance and training programmes.

In addition, following the requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited relating to option schemes, a new share option scheme was adopted in the Annual General Meeting held on 5 August 2002. The purposes of the new share option scheme are to provide incentives for the full-time employees and executives, to recognize their contributions to the growth of the Group and to provide more flexibility for the Group in formulating its remuneration policy.

##### PROSPECTS

Subsequent to 31 March 2003, the Group secured several new contracts, including the Construction of District Open Space in Tung Chung in the sum of approximately HK\$50 million from the government of the HKSAR. In addition, pursuant to the satisfactory completion of the contract for the "Raft Foundation Works for Proposed International Christian Quality Music Secondary and Primary School", in June 2003 the Group was further awarded the superstructure contract for the "Main Building Works for Proposed International Christian Quality Music Secondary and Primary School" in the sum of approximately HK\$147 million.

While the School Improvement Programme is approaching its final stage, the Group has actively been exploring other job opportunities from the public sector. During the year and up to the date of this report, the Group has successfully secured several substantial contracts of different new natures other than the conversion or construction of schools, such as the 39-month term maintenance contract, the term contract for design and construction of minor works, the construction of a public mortuary and a district park.

In addition, the HKSAR government has declared its determination to improve sewerage in the New Territories and other areas suffering from frequent flooding. Based on its satisfactory track records, we expect that Excel would secure more drainage contracts.

In view of the lingering poor market conditions in the construction industry, we will strive to keep up cautious project management and cost control measures. Nevertheless, based on the existing cost structure, we are positive that the Group would remain profitable in the coming years.

##### PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

##### AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference for purpose of reviewing and providing supervision of the financial reporting process and internal controls of the Group. The audit committee comprises the two Independent Non-executive Directors.

##### CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year.

##### PUBLICATION OF ANNUAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

All the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

By order of the Board  
Ngai Chun Hung  
Chairman

Hong Kong, 8 July 2003

\* for identification purpose only

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** THAT the Annual General Meeting of Vantage International (Holdings) Limited (the "Company") will be held at Ching Room, 4/F, Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Tsimshatsui, Kowloon, Hong Kong at 11:00 a.m. on Friday, 15 August 2003 for the following purposes:

### ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31 March 2003.
2. To declare a final dividend.
3. To consider and, if thought fit, re-elect Professor Ko Jan Ming as Director.
4. To authorise the Board to fix the fees of the Directors.
5. To re-appoint Auditors and to authorise the Board to fix their remuneration.

### SPECIAL BUSINESS

6. To consider and, if thought fit, pass with or without amendments the following resolution as an ordinary resolution:

**"THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), (ii) the exercise of any option under the share option scheme or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend or shares of the Company in accordance with the Bye-Laws of the Company, shall not exceed the aggregate of:
  - (i) twenty (20) per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of this resolution; and
  - (ii) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to ten (10) per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of this resolution), and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution, "Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:
  - (i) the conclusion of the next Annual General Meeting of the Company;
  - (ii) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meeting; and
  - (iii) the expiration of the period within which the next Annual General Meeting of the Company is required by any applicable laws or the Company's Bye-laws to be held.

"Rights Issue" means an offer of shares open for a period fixed by the Directors of the Company to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares of class thereof (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or of the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company)."

7. To consider and, if thought fit, pass with or without amendments the following resolution as an ordinary resolution:

**"THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase its own shares, subject to and in accordance with all applicable laws and/or the requirements of any recognised regulatory body or any stock exchange in any territory applicable to the Company, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed ten (10) per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of this resolution and the said approval be limited accordingly; and
- (c) for the purpose of this resolution, "Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:
  - (i) the conclusion of the next Annual General Meeting of the Company;
  - (ii) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meeting; and
  - (iii) the expiration of the period within which the next Annual General Meeting of the Company is required by any applicable laws or the Company's Bye-Laws to be held."

8. To consider and, if thought fit, pass with or without amendments the following resolution as an ordinary resolution:

**"THAT** the general mandate granted to the Directors of the Company to exercise the powers of the Company to issue, allot and deal with shares pursuant to Resolution 6 above be and is hereby extended by the addition thereto an amount representing the total nominal amount of shares in the capital of the Company which has been purchased by the Company since the granting of such general mandate pursuant to Resolution 7 above, provided that such amount shall not exceed ten (10) per cent. of the total nominal amount of the share capital of the Company in issue at the date of this Resolution."

9. To consider and, if thought fit, pass with or without amendments the following resolution as a Special Resolution:

**"THAT** the Bye-laws of the Company be and is hereby amended by deleting the definition of "clearing house" in its entirety and substituting the following definition in clause 1 of the Bye-laws:

"clearing house" a recognised clearing house within the meaning of Part I of Schedule 1 to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong or a clearing house recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction."

By Order of the Board  
**Ngai Chun Hung**  
Chairman

Hong Kong, 8 July 2003

*Notes:*

- (1) The register of members will be closed from Friday, 8 August 2003 to Friday, 15 August 2003 both days inclusive.
- (2) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and, in the event of a poll, vote in his stead. A proxy need not be a member of the Company.
- (3) In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or notorally certified copy of that power of attorney or authority, must be lodged with the Company's branch share registrars in Hong Kong, Tengis Limited at G/F Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding the Meeting or any adjournment thereof.
- (4) Concerning Resolution 6 of this Notice, approval is being sought from members for a general mandate to ensure flexibility and discretion being given to the Directors to issue and allot additional shares in the capital of the Company in the event that it becomes desirable. The Directors have no immediate plans to issue any new shares of the Company.
- (5) Concerning Resolution 7 of this Notice, approval is being sought from members for a general mandate to ensure flexibility and discretion being given to the Directors to repurchase shares. The Directors wish to state that they will exercise the powers conferred thereby to repurchase shares in circumstances which they deem appropriate for the benefits of the Company and the shareholders.
- (6) Concerning Resolution 8 of this Notice, the purpose of the resolution is to seek approval from members for an extension of the general mandate given to the Directors of the Company to allot, issue and deal with additional shares pursuant to Resolution 6 by adding thereto the number of shares repurchased under the authority granted pursuant to Resolution 7 of this Notice.
- (7) A circular containing the explanatory statement regarding Resolution nos. 6 to 8 will be sent to shareholders together with the Company's Annual Report.