

# VANTAGE INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

## INTERIM RESULTS

The directors (the "Directors") of Vantage International (Holdings) Limited (the "Company") are pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2001 together with comparative figures for the corresponding period in 2000 as follows:

### CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

Notes	Unaudited Six months ended 30 September		
	2001 HK\$'000	2000 HK\$'000	
TURNOVER – Contract revenue	3	159,203	150,175
Contract costs		(150,732)	(125,311)
Gross profit		8,471	24,864
Other revenue	4	638	1,420
Amortisation of goodwill arising on acquisitions		(330)	–
Administrative and other operating expenses		(11,820)	(7,651)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	5	(3,041)	18,633
Finance costs		(257)	(136)
Share of profits less losses of jointly-controlled entities		27	(40)
PROFIT/(LOSS) BEFORE TAX		(3,271)	18,457
Tax	6	–	(3,109)
PROFIT/(LOSS) AFTER TAX		(3,271)	15,348
Minority interests		(115)	(1,196)
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		(3,386)	14,152
INTERIM DIVIDEND		–	–
EARNINGS/(LOSS) PER SHARE – BASIC	7	HK(1.62) cents	HK8.79 cents

### NOTES TO FINANCIAL STATEMENTS

#### 1. BASIS OF PREPARATION

The Company was incorporated in Bermuda under the Companies Act 1981 of Bermuda (as amended) as an exempted company with limited liability on 21 June 2000.

On 17 August 2000 pursuant to the reorganisation to rationalise the structure of the Group in preparation for the listing of the shares of the Company on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the Group. The shares of the Company have been listed on the Stock Exchange since 8 September 2000.

The condensed consolidated financial statements have been prepared using the merger basis of accounting. On this basis, the Company has been treated as the holding company of its subsidiaries acquired through the Group reorganisation on 17 August 2000. Accordingly, the condensed consolidated results of the Group for the six months ended 30 September 2000 include the results of the Company and its subsidiaries with effect from 1 April 2000 or since their respective dates of incorporation, where this is a shorter period, except for two subsidiaries which were acquired by the Group on 22 May 2000. The results of these two subsidiaries are included in the condensed consolidated profit and loss account from the effective date of acquisition.

#### 2. SEGMENT INFORMATION

Segment revenue or result has not been presented as the Group's operations have all been carried out in Hong Kong and profit from operating activities has all been derived from construction, renovation and other contracting works.

#### 3. TURNOVER

Turnover represents the appropriate proportion of contract revenue from construction, renovation and other contracts.

#### 4. OTHER REVENUE

	Unaudited Six months ended 30 September	
	2001 HK\$'000	2000 HK\$'000
Bank interest income	540	1,052
Profit on disposal of investment securities	–	57
Profit on disposal of fixed assets	–	65
Dividend income	–	61
Sundry income	98	185
	638	1,420

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

During the period, profit/(loss) from operating activities is arrived at after charging depreciation of approximately HK\$407,000 (2000: HK\$501,000).

#### 6. TAX

	Unaudited Six months ended 30 September	
	2001 HK\$'000	2000 HK\$'000
Provision for Hong Kong profits tax for the period	–	3,109

No provision has been made in respect of Hong Kong profits tax as the Group incurred loss for the period (2000: 16% on estimated assessable profits).

The Group did not have any significant unprovided deferred tax in respect of each of the period.

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

The calculation of earnings/(loss) per share is based on the Group's unaudited net loss from ordinary activities attributable to shareholders for the period of approximately HK\$3,386,000 (2000: profit HK\$14,152,000) and on the actual weighted average number of 208,472,131 shares (2000: 160,918,033 shares) of the Company in issue during the period. The weighted average number of shares in issue for the six months ended 30 September 2000 has been retrospectively adjusted for the effect of the bonus issue on 27 July 2001 on the basis of 1 bonus share for every 5 ordinary shares held by members as recorded on the register on 20 July 2001.

Diluted earnings/(loss) per share is not presented for both periods as there has been no dilutive event.

#### 8. PLEDGE OF ASSETS

As at 30 September 2001, the Group's banking facilities were secured by (i) a registered all monies charge on the investment properties of the Group with carrying value of approximately HK\$2.7 million; (ii) charges over the Group's fixed deposits of approximately HK\$18.3 million plus any interest accrued thereon; and (iii) corporate guarantees granted by the Company to the total extent of HK\$21.8 million.

#### 9. CONTINGENT LIABILITIES

As at 30 September 2001, the Group had contingent liabilities in respect of outstanding guarantees under several performance bonds amounting to HK\$4.3 million.

#### 10. RELATED PARTY TRANSACTIONS

During the period, the Group had material transactions with the following related parties:

	Unaudited Six months ended 30 September	
	2001 HK\$'000	2000 HK\$'000
Subcontracting construction fees paid to close family members of Mr. Ngai Chun Hung, director	1,938	602

The terms for the subcontracting construction fees were determined in accordance with relevant agreements entered into between the Group and the relevant related parties, with reference to the Group's estimated cost.

The directors of the Company consider that the above transactions were carried out in the ordinary course of business.

### INTERIM DIVIDEND

The Directors have resolved not to pay an interim dividend to shareholders (2000: nil).

### BUSINESS REVIEW

During the period under review, the Group successfully completed three substantial contracts with total contract value of approximately HK\$163 million.

As at 30 September 2001, the total value of the contracts on hand amounted to approximately HK\$500 million. The contracts on hand are all progressing satisfactorily and on schedule.

Over the past years, the Group has placed significant emphasis on quality of works, site safety and environmental safety. As evidence to the Group's performance in these aspects, the Group has won the following awards during the period:

- Considerate Contractors Site Award Scheme from the Works Bureau in recognition of the performance of Able Engineering Company Limited ("Able") at its construction site of the completed project at the Police Training School in Wong Chuk Hang
- Considerate Contractors Site Award Scheme from the Works Bureau in recognition of the performance of Excel Engineering Company Limited ("Excel") at its construction site of the on-going project of the Village Flood Protection Works for Wang Chau
- Green Contractor Bronze Award from the Architectural Services Department in recognition of Excel's environmental performance of the construction site of the completed project for the Basement and Piling Foundations for Building 5, Science Park
- Certificate of Merit of the Green Contractor Award from the Architectural Services Department in recognition of Able's environmental performance of the construction site of the completed project of the School Improvement Programme Phase II, Package 5, Group 6
- HKCA Safety Achievement Award from The Hong Kong Construction Association

Furthermore, based on the Group's satisfactory track records, the Group has been confirmed by the Works Bureau in Group C under the "Buildings" category in its list of approved contractors for public work. This means the Group is now able to tender for any number of individual Group C contracts without any limit to the contract value.

The management believes that the above-mentioned awards not only serve to recognise the Group's past performance but also help to enhance the Group's chance to secure further projects from the Government in future.

### MAJOR ACQUISITION

On 27 April 2001, the Group successfully completed the acquisition of the remaining 48.55% interests in Excel and Gadelly Construction Company Limited ("Gadelly"), which were then non-wholly owned subsidiaries of the Group. The consideration of this acquisition was settled by the issue and allotment of 16,000,000 new ordinary shares of HK\$0.1 each in the capital of the Company to the vendors. Excel and Gadelly have become wholly owned subsidiaries of the Group since then.

Excel and Gadelly each has over 20 years of experience and expertise in building maintenance works, civil engineering construction works and landscape preventive works in both public and private sectors. Moreover, they possess the requisite licences to carry out these works for the public sector. Therefore, the management believes that the acquisition has laid a strong foundation for the Group to expand its businesses over civil engineering areas. It also enhances the Group's position as contractor to provide a wider range of building construction and civil engineering services.

### FINANCIAL REVIEW

This year has been a difficult period for the Group. Due to the decline in the number of construction projects available for tendering from the Hong Kong Housing Authority, the competition has been exceptionally fierce in the construction market. As a result, the tendering prices have been forced down and the profit margins have been low. The Group incurred net loss attributable to shareholders of approximately HK\$3,386,000 for the period under review (2000: profit HK\$14,152,000). On the other hand, the Group's turnover for the period increased slightly by 6% as compared with the corresponding period last year to approximately HK\$159,203,000 (2000: HK\$150,175,000).

As at 30 September 2001, the Group had cash and cash equivalents on hand of approximately HK\$6,761,000 (31 March 2001: HK\$34,250,000). Bank borrowings and finance lease payables amounted to approximately HK\$14,093,000 as at 30 September 2001 (31 March 2001: HK\$2,258,000). With effective cash flow management, the Group maintained a strong working capital position as at 30 September 2001, which is reflected in the current ratio at a healthy level of 2.1 (31 March 2001 restated: 2.4). In addition, the Group had unutilised banking facilities of approximately HK\$14 million as at 30 September 2001.

### PROSPECTS

Subsequent to the period end, the Group has secured three substantial contracts with total value of approximately HK\$135 million.

Over the past, the Group has placed strong emphasis on quality of works. As a result, the Group has built up good reputation in the construction markets, especially the public sector. Although the construction market is still highly competitive, quality of works remains the main concern of the Group. On the other hand, the management will also place extra emphasis on project management so as to keep down the construction costs and maintain the Group's competitiveness.

As the Group has already obtained the confirmed status in Group C under the "Buildings" category of the Works Bureau's list of approved contractors for public work, there is no longer any limit to the value of contracts tendered by the Group. Therefore, the Group will increase its efforts to actively bid for more projects.

While the private sector remains stagnant, the Group will focus on the opportunities of the School Improvement Programme, under which the Government is offering substantial amounts of projects. Over the past, the Group has successfully completed the extension or renovation of 33 schools with total contract value of over HK\$520 million under this programme. Based on these creditable track records, the management believes that the Group will be able to secure more projects. Stepping up efforts both in tendering and controlling costs, the management is confident the Group will overcome the current market adversities and achieve long-term sustainable profitability.

### PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2001.

### CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by the interim report, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

To comply with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, the Company set up an audit committee (the "Committee") on 8 September 2000 with written terms of reference for the purpose of reviewing and providing supervision on the financial reporting process and internal control of the Group. The Committee comprising the two independent non-executive directors of the Company has reviewed the unaudited interim results of the Group.

### PUBLICATION ON WEBSITE OF THE STOCK EXCHANGE

A detailed interim results announcement containing all information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

On behalf of the Board  
Ngai Chun Hung  
Chairman