

# 盈信控股有限公司

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

# **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004**

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 2004 together with comparative figures for the corresponding period in the previous year as follows

redevelopment include acquisition costs, redevelopment costs, interest and other direct costs attributable to such property.

Segment information 3. Analysis of the Group's segment revenue and segment results by business segments, which is the Group's primary basis of segment reporting, is as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2004

Unrandified)     Contradition       TURNOVER - contract revenue     4     788,218     677,894       Contract costs     (753,339)     (643,712)     (643,712)       Gross profit     34,879     34,182     (77,894)       Other revenue and gains     4     415     1,706       Administrative expenses     (162,19)     (643,312)     (643,312)       Profit from operating income(expenses), net     (242)     (1,394)       Finance costs     18,333     24,595       Tax     6     (3,311)     (4,339)       Net profit before tax     6     15,022     20,196       Interim divided     7     4,704     4,224       Earnings per share     8     1.597 cents     2.391 cents       - Batic     - Batic     N/A     N/A       CONDENSED CONSOLDATED BALANCE SHEET     N/A     N/A       At 30 September 2004     30 September 2004     31 March 204       Softermet 2004     29,819     20,918     104,670       Interests in a jointly-controlled entity     16     22     104,670	For the six months ended 30 September 2004		Six month 30 Sept	ember
Contract costs     (753,339)     (643,712       Gross profit     34,879     34,182       Other evenue and gains     4     415     1,700       Administrative expenses     (162,129)     (9,433       Other operating income/(expenses), net     (242)     (1,394       Share of loss of a jointly-controlled entity     (60)     (35       Share of loss of a jointly-controlled entity     (60)     (35       Net profit attributable to shareholders     15,022     20,196       Interim dividend     7     4,704     4,224       Earnings per share     8     1,597 cents     2,391 cents       - Basic     10     N/A     N/A       CONDENSED CONSOLIDATED BALANCE SHEET     30 September     31 March       At 30 September     2004     30 September     31 March       Goodwill     14,226     14,717     14,526     14,717       Interests in a jointly-controlled entity     16     22     30 September     30 March       Contract easets     59,024     10,607     44,121     35,657     14,217     21,536		Notes		2003 (unaudited) <i>HK\$'000</i>
Other evenue and gains Administrative expanses4415 (16,219) $(17,210)$ (493)Other operating income/(expenses), net(16,219) (493)(243)Profit from operating activities513,581Profit from operating activities513,581Profit from operating activities513,533Profit before tax Tax18,33324,595Tax6(3,311)(4,399)Net profit attributable to shareholders15,02220,196Interim dividend74,7044,224Earnings per share - Basic81.597 cents2.391 cents- Fully dilutedN/AN/AN/ACONDENSED CONSOLIDATED BALANCE SHEET At 30 September 200430 September 20042004Non-current assets Fixed assets29,81920,918 		4		677,894 (643,712)
Administrative explanses   (16,219)   (6,433     Other operating income/(expenses), net   (494)   (6431     Profit from operating activities   5   18,581   26,024     Finance costs   (242)   (1.394     Share of loss of a jointly-controlled entity   (6)   (6)   (6)     Share of loss of a jointly-controlled entity   (6)   (6)   (6)     Share of loss of a jointly-controlled entity   (6)   (6)   (6)   (7)     Share of loss of a jointly-controlled entity   (6)   (6)   (7)   (4,294)     Interim dividend   7   4,704   4,224   (4) <td>Gross profit</td> <td></td> <td>34,879</td> <td>34,182</td>	Gross profit		34,879	34,182
Finance costs (242) (1,394   Share of loss of a jointly-controlled entity (6) (35   Profit before tax 6 (3,311) (4,399   Net profit attributable to shareholders 15,022 20,196   Interim dividend 7 4,704 4,224   Earnings per share 8 1.597 cents 2.391 cents   - Fully diluted N/A N/A N/A   CONDENSED CONSOLIDATED BALANCE SHEET 30 September 20 20   At 30 September 2004 20 20,918 2.0918   Non-current assets 29,819 20,918 20,918   Fixed assets 29,819 20,918 20,918   Goodwill 14,236 14,717 16 22   Arcounts receivable 44,121 35,657 102,604   Corrent assets 70,924 10,4007 44,121 35,657   Carrent assets 20,819 20,918 21,458   Cash and cash equivalents 116,466 168,666   Projetry under redevelopment 42,034 -   Gross anount due to customers for contract works 32,172 21,758   Cash and cash equivalents 116,466 168,666   Projetry under redevelopment 6,	Administrative expenses	4	(16,219)	1,706 (9,433) (431)
Share of loss of a jointly-controlled entity(6)(53Profit before tax18,33324.595Tax6(3.311)(4.399Net profit attributable to shareholders15,02220,196Interim dividend74,7044,224Earnings per share81.597 cents2.391 cents- Fully diutedN/AN/AN/ACONDENSED CONSOLIDATED BALANCE SHEET30 September2004Al 30 September 200420042004(nanudited)14.28619.87000HKS'000HKS'000HKS'000Non-current assets29.81920.918Fixed assets29.81920.918Convent due from customers for contract works59.024104.607Accounts receivable154.815104.607Accounts receivable34.81534.815Property under redevelopment14.286140.607Property under redevelopment14.286140.607Accounts receivable34.81521.6490Accounts receivable34.81521.6490Accounts repeated on customers for contract works33.17221.758Carrent liabilities20.956130Accounts payable21.649021.6490Accounts payable21.649021.6490Accounts payable21.649021.6490Accounts payable21.649014.286Accounts payable21.649021.6490Accounts payable21.649021.6490Accounts payable21.649	Profit from operating activities	5	18,581	26,024
Tax6(3,311)(4.399Net profit attributable to shareholders15.02220.196Interin dividend74.7044.224Earnings per share88- Basic1.597 cents2.391 cents- Fully dilutedN/AN/ACONDENSED CONSOLIDATED BALANCE SHEET30 September2004Al 30 September 200430 September2004(unaudited)14,28614.717Interests in a jointly-controlled entity1622Current assets29,81920.918Goodwill14,28614.717Interests in a jointly-controlled entity14,28614.717Interests in a jointly-controlled entity1622Property under redevelopment42,034-Gross amount due from customers for contract works59,024104.607Accounts receivable34,81549,382Deposits, prepayment and other receivables34,81549,382Tax recoverable180,188216,609Current liabilities20,056120Accounts payable16,142,803Oral assets less current liabilities208,652123Nate capital213213Capital and reserves23,519235,519Issued capital23,519235,519Saved capital23,519235,519Reserves23,519235,519Interim dividend for 2003/04-4,704Proposed final dividend for 2003/04<				(1,394) (35)
Interim dividend74,7044,224Earnings per share88- Basic1.597 cents2.391 cents- Fully dilutedN/AN/ACONDENSED CONSOLIDATED BALANCE SHEETN/AN/AAt 30 September 200430 September 20042004Concurrent assets29,8192004Fixed assets29,81920,918Goodwill14,28614,711Interests in a jointly-controlled entity1622Current assets29,81920,918Property under redevelopment42,034-Gross amount due from customers for contract works59,024104,607Accounts receivable34,81546Deposits, prepayment and other receivables34,81546Tax recoverable180,188214,609Current liabilities20,9346446,997Current liabilities20,955130Accounts payable116,4838163,009Tax payable and accruals6,1042,803Trade payables to related parties2121Current liabilities20,955130Note current liabilities20,955198,566No-current liabilities20,955198,566No-current liabilities223,27323Carter dat datilities20,955198,314Carter dat capital and reserves23,51923,519Issued capital23,51923,51923,519Reserves180,409170,091170,091Di		6		24,595 (4,399)
Earnings per share8- Basic1.597 cents- Fully dilutedN/ACONDENSED CONSOLIDATED BALANCE SHEETAt 30 September 200420042004(unaudited)HKS'000Mon-current assetsFixed assetsGoodwill14,22614,12125,657Current assetsProperty under redevelopmentProperty under redevelopmentProperty under redevelopmentProperty under redevelopmentProperty under redevelopmentProperty and cash equivalents200520162027Current assetsProperty under redevelopmentProperty and cash equivalents20282029202920204203152032203220331520331203420342034203420342034203420342034203420342034203420342034203420342035203420342034203420342034203420342034203420342035203420342034203420342035203620372037<	Net profit attributable to shareholders		15,022	20,196
- Basic 1.597 cents 2.391 cents   - Fully diluted N/A N/A   CONDENSED CONSOLIDATED BALANCE SHEET 30 September 2004 2004 (unaudited) (audited) (audited) (audited) (audited) (audited)   At 30 September 2004 30 September 2004 31 March 2004 (unaudited) (audited) (audited	Interim dividend	7	4,704	4,224
CONDENSED CONSOLIDATED BALANCE SHEETAt 30 September 200430 September 2004At 30 September 20042004(unaudited)(unaudited)(unaudited)(unaudited)(unaudited)14,256Goodwill14,266Goodwill14,266Interests in a jointly-controlled entity162224,034Property under redevelopment22,034Gross amount due from customers for contract works59,024Gross amount due from customers for contract works59,024Tax recoverable68Pedeget time deposits32,172Current liabilities32,172Current liabilities106,767Accounts payable100,767Gross amount due to customers for contract works47,711Syg.22721,758Current liabilities21,212Accounts payable104,228Gross amount due to customers for contract works16,1642.803224,5082.81221Interest-bearing bank and other borrowings20,056130223223223223223223223223223223223223223234104129224,50828,959198,666Non-current liabilities23,51923,51923,51923,51923,51923,51923,51923,51923,51923,51923,519<		8	1.597 cents	2.391 cents
At 30 September 2004   30 September 2004   31 March 2004 (unaudited)     2004 (unaudited)   2004 (unaudited)   2004 (unaudited)     Non-current assets   29,819   20,918     Goodwill   14,286   14,717     Interests in a jointly-controlled entity   16   22     Tornet assets   44,121   35,657     Current assets   59,024   104,607     Property under redevelopment   42,034   -     Gross amount due from customers for contract works   59,024   104,607     Accounts receivable   36,815   49,382     Pledged time deposits   32,772   21,738     Carrent liabilities   32,777   102,522     Carrent liabilities   180,188   214,690     Courts payable   180,188   214,690     Current liabilities   21   21     Accounts payable   184,465   130,099     Other payable and accruals   6,104   2,803     Trade payables to related parties   21   21     Interest-bearing bank and other borrowings   264,508   283,988     Net current liabilities   208,959 <td>- Fully diluted</td> <td></td> <td>N/A</td> <td>N/A</td>	- Fully diluted		N/A	N/A
' 2004 (mandited) (mandited) HK\$'000     2004 (mandited) HK\$'000     2004 (mandited) HK\$'000       Non-current assets     29,819     20,918       Goodwill     14,286     14,717       Interests in a jointly-controlled entity     16     22       Current assets     44,121     35,657       Current assets     44,121     35,657       Current assets     154,466     168,660       Gross amount due from customers for contract works     39,024     104,607       Accounts prevayment and other receivables     34,815     49,382       Tax recoverable     68     68       Orgos amount due from customers for contract works     32,172     21,758       Current liabilities     32,172     21,758       Accounts payable     106,767     102,252       Cash and cash equivalents     106,767     102,252       Cash and cash equivalents     214,690     7,111       Cash and cash equivalents     104,677     102,252       Cash and cash equivable and accruals     61,014     2,803       Trade payable on accruals     61,014     2,803       <				
(unaudited) HK\$'000     (audited) HK\$'000       Non-current assets     20,819     20,918       Fixed assets     20,918     14,286     14,717       Interests in a jointly-controlled entity     16     22       44,121     35,657       Current assets     -     -       Gross amount due from customers for contract works     59,024     104,607       Accounts receivable     16     23,217     21,758       Carrent liabilities     32,172     21,758     68     68     68       Cash and cash equivalents     106,767     102,522     -     -     102,522       Current liabilities     -     -     -     -     102,522       Current liabilities     -     -     -     102,522       Current liabilities     -     -     -     102,522       Tax payable     180,188     214,690     -     104,28     -       Gross amount due to customers for contract works     -     104,28     -     12     21     21       Interest-bearing band accruals				31 March 2004
Fixed assets   29,819   20,918     Goodwill   14,286   14,717     Interests in a jointly-controlled entity   16   22     Property under redevelopment   44,121   35,657     Current assets   44,121   35,657     Current assets   59,024   104,607     Property under redevelopment   42,034      Gross amount due from customers for contract works   59,024   104,607     Accounts receivable   34,815   49,382     Deposits, prepayment and other receivables   34,815   49,382     Cash and cash equivalents   106,767   102,522     Cash and cash equivalents   106,767   102,522     Current liabilities   32,172   21,758     Cash and cash equivalents   106,767   102,522     Current liabilities   106,767   102,522     Tax payable   6,104   2,803     Tax payable and accruals   10,428   7,117     Interest-bearing bank and other borrowings   20,056   130     Tade payables to related parties   21   223     Current assets   164,838 <td< td=""><td></td><td></td><td>(unaudited)</td><td>(audited) <i>HK\$'000</i></td></td<>			(unaudited)	(audited) <i>HK\$'000</i>
Goodwill     14,286     14,717       Interests in a jointly-controlled entity     16     22       Current assets     44,121     35,657       Property under redevelopment     42,034     -       Gross amount due from customers for contract works     59,024     104,607       Accounts receivable     154,466     168,660       Deposits, prepayment and other receivables     34,815     49,382       Tax recoverable     68     68       Pledged time deposits     32,172     21,758       Cash and cash equivalents     106,767     102,522       Accounts payable     180,188     214,690       Gross amount due to customers for contract works     47,711     59,227       Tax payable     10,428     7,117       Other payable and accruals     6,104     2,803       Trade payable to related parties     21     21       Interest-bearing bank and other borrowings     20,056     130       Net current iabilities     208,599     198,666       Non-current liabilities     223     223       223     223     2			29,819	20.918
Current assets42,034Property under redevelopment59,024Gross amount due from customers for contract works59,024Accounts receivable154,466Deposits, prepayment and other receivables34,815Tax recoverable68Pledged time deposits32,172Cash and cash equivalents106,767Current liabilities106,767Accounts payable180,188Current liabilities104,223Accounts payable61,04Cross amount due to customers for contract works47,711Tax payable6,104Gross amount due to customers for contract works104,228Tax payable6,104Current liabilities20,056Tax payable on daccruals6,104Trade payables to related parties212121Interest-bearing bank and other borrowings20,056Total assets less current liabilities208,959Poeferred tax liabilities208,632Since case payable104Capital and reserves180,409Inserves23,519Sisued capital23,519Reserves180,409Dividends180,409Interim dividend for 2004/054,704Proposed final dividend for 2003/04-	Goodwill		14,286	14,717
Property under redevelopment   42,034      Gross amount due from customers for contract works   59,024   104,607     Accounts receivable   154,466   168,660     Deposits, prepayment and other receivables   34,815   49,382     Tax recoverable   68   68     Pledged time deposits   32,172   21,758     Cash and cash equivalents   106,767   102,522 <b>429,346</b> 446,997     Accounts payable   180,188   214,690     Gross amount due to customers for contract works   47,711   59,227     Tax payable   16,104   2,803     Trade payables to related parties   21   21     Interest-bearing bank and other borrowings   20,056   130 <b>Capital and reserves</b> 104   129     Deferred tax habilities   208,959   198,666 <b>Non-current liabilities</b> 203   223   223     State capital   23,519   23,519   23,519     Deferred tax habilities   23,519   23,519   23,519     State capital   204,009   170,091   170,091			44,121	35,657
Gross amount due from customers for contract works     59,024     104,607       Accounts receivable     154,466     168,660       Deposits, prepayment and other receivables     34,815     49,382       Tax recoverable     68     68       Pledged time deposits     32,172     21,758       Cash and cash equivalents     106,767     102,522       429,346     446,997       Current liabilities     429,346     446,997       Accounts payable     10,428     7,117       Other payable and accruals     6,104     2,803       Trade payable sor related parties     21     21       Interest-bearing bank and other borrowings     20,056     130       Total assets less current liabilities     20,056     130       Net current assets     164,838     163,009       Total asset less current liabilities     223     223       Signed capital     223     223       Capital and reserves     327     352       Issued capital     23,519     23,519       Proposed final dividend for 2004/05     4,704     -			42.024	
Deposits, prepayment and other receivables   34,815   49,382     Tax recoverable   68   68     Pledged time deposits   32,172   21,758     Cash and cash equivalents   106,767   102,522     429,346   446,997     Current liabilities   429,346   446,997     Current liabilities   10,728   7,111   59,227     Tax payable   10,428   7,111   59,227     Tax payable to clated parties   21   21   21     Interest-bearing bank and other borrowings   21   21   21     Interest-bearing bank and other borrowings   20,056   130     Zef4,508   283,988   164,838   163,009     Non-current liabilities   208,959   198,666     Non-current liabilities   223   223     Eriance lease payable   104   129     Deferred tax liabilities   23,519   23,519     Stude capital   23,519   23,519     Reserves   180,409   170,091     Dividends   180,409   170,091     Interim dividend for 2004/05   4,704	Gross amount due from customers for contract works		59,024	104,607
Pledged time deposits   32,172   21,758     Cash and cash equivalents   106,767   102,522     429,346   446,997     Current liabilities   429,346   446,997     Gross amount due to customers for contract works   47,711   59,227     Tax payable   10,428   7,117     Other payable and accruals   6,104   2,803     Trade payables to related parties   21   21     Interest-bearing bank and other borrowings   20,056   130     Net current assets   164,838   163,009     Total assets less current liabilities   223   223     Pieferred tax liabilities   23,519   23,519     Capital and reserves   180,409   170,091     Issued capital   23,519   23,519     Reserves   180,409   170,091     Dividends   180,409   170,091     Interim dividend for 2004/05   4,704   -     Proposed final dividend for 2003/04   -   4,704				168,660 49,382
Cash and cash equivalents   106,767   102,522     429,346   446,997     Current liabilities   180,188   214,690     Accounts payable   180,188   214,690     Gross amount due to customers for contract works   47,711   59,227     Tax payable   6,104   2,803     Other payable and accruals   6,104   2,803     Trade payables to related parties   21   21     Interest-bearing bank and other borrowings   20,056   130     Vet current assets   164,838   163,009     Total assets less current liabilities   208,959   198,666     Non-current liabilities   208,959   198,666     Non-current liabilities   208,959   198,314     Capital and reserves   104   129     Issued capital Reserves   23,519   23,519     Issued capital Reserves   180,409   170,091     Dividends   180,409   170,091     Interim dividend for 2004/05   4,704   -     Proposed final dividend for 2003/04   -   4,704				68 21 758
Current liabilities180,188214,690Accounts payable47,71159,227Tax payable10,4287,117Other payable and accruals6,1042,803Trade payables to related parties2121Interest-bearing bank and other borrowings20,056130Vertext assets164,838163,009Non-current liabilities208,959198,666Finance lease payable104129Deferred tax liabilities223223Sued capital223104Reserves180,409170,091Dividends180,409170,091Interim dividend for 2004/054,704-Proposed final dividend for 2003/04-4,704				102,522
Accounts payable   180,188   214,690     Gross amount due to customers for contract works   47,711   59,227     Tax payable   10,428   7,117     Other payable and accruals   6,104   2,803     Trade payables to related parties   21   21     Interest-bearing bank and other borrowings   20,056   130     Z64,508   283,988     Net current assets   164,838   163,009     Total assets less current liabilities   208,959   198,666     Non-current liabilities   223   223     Finance lease payable   104   129     Deferred tax liabilities   208,632   198,314     Capital and reserves   23,519   23,519     Issued capital   23,519   23,519     Dividends   180,409   170,091     Dividends   4,704   -     Proposed final dividend for 2003/04   -   4,704			429,346	446,997
Gross amount due to customers for contract works   47,711   59,227     Tax payable   10,428   7,117     Other payable and accruals   6,104   2,803     Trade payables to related parties   21   21     Interest-bearing bank and other borrowings   20,056   130     Met current assets   164,838   163,009     Non-current liabilities   208,959   198,666     Non-current liabilities   223   223     Deferred tax liabilities   208,632   198,314     Capital and reserves   180,409   170,091     Interim dividend for 2004/05   4,704   -     Proposed final dividend for 2003/04   -   4,704			100,100	214 600
Other payable and accruals     6,104     2,803       Trade payables to related parties     21     21       Interest-bearing bank and other borrowings     264,508     283,988       Net current assets     164,838     163,009       Total assets less current liabilities     208,959     198,666       Non-current liabilities     208,959     198,666       Finance lease payable     104     129       Deferred tax liabilities     208,632     198,314       Capital and reserves     327     352       Issued capital     23,519     23,519       Dividends     180,409     170,091       Dividends     4,704     -       Proposed final dividend for 2003/04     -     4,704				214,690 59,227
Trade payables to related parties   21   21   21     Interest-bearing bank and other borrowings   20,056   130     264,508   283,988     Net current assets   164,838   163,009     Total assets less current liabilities   208,959   198,666     Non-current liabilities   203,959   198,666     Finance lease payable   104   129     Deferred tax liabilities   223   223     Sugar data   223   223     208,632   198,314     Capital and reserves   23,519   23,519     Issued capital   23,519   23,519     Reserves   180,409   170,091     Dividends   4,704   -     Proposed final dividend for 2003/04   -   4,704				7,117 2,803
Z64,508     283,988       Net current assets     164,838     163,009       Total assets less current liabilities     208,959     198,666       Non-current liabilities     208,959     198,666       Non-current liabilities     203,959     198,666       Non-current liabilities     223     223       Deferred tax liabilities     208,632     198,314       Capital and reserves     23,519     23,519       Issued capital     23,519     23,519       Reserves     180,409     170,091       Dividends     4,704     -       Proposed final dividend for 2003/04     -     4,704	Trade payables to related parties		21	21
Net current assets     164,838     163,009       Total assets less current liabilities     208,959     198,666       Non-current liabilities     203,959     198,666       Finance lease payable     104     129       Deferred tax liabilities     223     223       Super constraint of the serves     327     352       Issued capital     23,519     23,519       Reserves     180,409     170,091       Dividends     4,704     -       Proposed final dividend for 2003/04     -     4,704	Interest-bearing bank and other borrowings			
Total assets less current liabilities     208,959     198,666       Non-current liabilities     104     129       Finance lease payable     223     223       Deferred tax liabilities     223     223       327     352     352       208,632     198,314     208,632       Capital and reserves     23,519     23,519       Issued capital     23,519     23,519       Reserves     180,409     170,091       Dividends     4,704     -       Proposed final dividend for 2003/04     -     4,704	Not approximate assots			
Non-current liabilities       Finance lease payable     104     129       Deferred tax liabilities     223     223       327     352     352       208,632     198,314     208,632       Capital and reserves     23,519     23,519       Issued capital     23,519     180,409     170,091       Dividends     1     4,704     -       Proposed final dividend for 2003/04     -     4,704				
Capital and reserves     23,519     23,519       Issued capital     23,519     23,519       Dividends     180,409     170,091       Dividends     4,704     -       Proposed final dividend for 2003/04     -     4,704			200,727	190,000
208,632     198,314       Capital and reserves     198,314       Issued capital     23,519       Reserves     180,409       Dividends     170,091       Interim dividend for 2004/05     4,704       Proposed final dividend for 2003/04     -	Finance lease payable			129 223
Capital and reserves23,51923,519Issued capital23,51923,519Reserves180,409170,091Dividends1nterim dividend for 2004/054,704Proposed final dividend for 2003/04-4,704			327	352
Issued capital     23,519     23,519       Reserves     180,409     170,091       Dividends     4,704     -       Proposed final dividend for 2003/04     -     4,704			208,632	198,314
Dividends Interim dividend for 2004/05 4,704 – Proposed final dividend for 2003/04 4,704	Issued capital			23,519
Interim dividend for 2004/05     4,704     -       Proposed final dividend for 2003/04     -     4,704			180,409	170,091
	Interim dividend for 2004/05		4,704	4,704
<b>208,632</b> 198,314			208,632	198,314

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS For the six months ended 30 September 2004

#### 1. **Basis of preparation**

These condensed interim consolidated financial statements have not been audited or reviewed by the Company's external auditors but have been reviewed by the Company's Audit Committee.

These condensed interim consolidated financial statements have been prepared in accordance with Statement of Standard Accounting Practice 25 (Revised) "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

# 2.

Significant accounting policies The accounting policies adopted in these condensed interim consolidated financial statements are consistent with those set out in the Group's audited consolidated financial statements for the year ended 31 March 2004. During the interim period, the Group newly acquired a property for redevelopment and intended for re-sale. The accounting policy adopted for such property is as follows:

# Property under redevelopment

Property under redevelopment A property that is in the course of redevelopment and held for re-sale is included as property under redevelopment under current assets in the balance sheet. Property under redevelopment is stated at the lower of cost and net realisable value. Net realisable value is determined by reference to estimated selling prices less estimated total costs of property redevelopment and estimated costs necessary to make the sale of the property. Costs of property

	Buil constr Six mont 30 Sep 2004 (unaudited) HK\$'000	uction ths ended	wo Six mon	gineering orks ths ended otember 2003 (unaudited) <i>HK\$`000</i>	repai maint Six mon	vation, rs and enance ths ended tember 2003 (unaudited) <i>HK\$'000</i>	Consolid Six months 30 Septer 2004 (unaudited) <i>HK\$'000</i>	ended
Segment revenue External customers	607,840	486,613	61,716	67,818	118,662	123,463	788,218	677,894
Segment results	24,750	23,885	4,555	4,771	5,574	5,526	34,879	34,182
Interest income and unallocated revenue and gains Unallocated corporate expenses							415 (16,713)	1,706 (9,864)
Profit from operating activities							18,581	26,024
Finance costs Share of loss of a jointly-controlled entity							(242) (6)	(1,394) (35)
Profit before tax Tax							18,333 (3,311)	24,595 (4,399)
Net profit attributable to shareholders							15,022	20,196
Duning hath summer and	4	Ja the Case		and a start start	.11 . 6 : 6			

During both current and prior periods, the Group primarily carried out all of its operations in Hong Kong. Accordingly, no geographical segment information is presented.

#### Turnover, other revenue and gains 4.

	30 Septe	30 September	
	2004 (unaudited) <i>HK\$'000</i>	2003 (unaudited) <i>HK\$'000</i>	
Turnover – contract revenue	788,218	677,894	
Other revenue and gains Bank interest income Gain on disposal of fixed assets	23	1,122	
Exchange gain Sundry income	392	350 231	

#### 5. Profit from operating activities Profit from operating activities has been arrived at after charging/(crediting):

			Six months ended 30 September	
		2004	2003	
		(unaudited)	(unaudited)	
		HK\$'000	HK\$'000	
	Depreciation	800	844	
	Amortisation of goodwill	431	431	
	Exchange gains, net	-	(350)	
	Interest income	(23)	(1,122)	
	Loss/(Gain) on disposal of fixed assets	63	(3)	
6.	Tax			

	Six months ended 30 September	
	2004 <sup>*</sup> (unaudited) <i>HK\$'000</i>	2003 (unaudited) <i>HK\$'000</i>
Hong Kong profits tax Provision for current period	3,311	4,399
Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%	) on the estimate ass	assable profits

provided at the rate of 17.5% (2003: 17.5%) on the estimate arising in Hong Kong during the period. Dividend 7.

Dividend attributable to the interim period is as follows:

	Six months ended 30 September	
	2004 (unaudited) <i>HK\$'000</i>	2003 (unaudited) <i>HK\$'000</i>
Interim dividend declared after the interim period end – HK0.5 cent (2003: HK0.5 cent)	4,704	4,224
	4,704	4,224

The interim dividend declared after the interim period end has not been recognised as a liability in the interim financial statements

Dividend attributable to the previous financial year, approved and paid during the interim period is as follows:

	Six months ended	
	30 September	
	2004	2003
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved		
and paid during the interim period - HK0.5 cent (2003: HK0.5 cent)	4,704	4,224
	4,704	4,224

# 8.

**Earnings per share** The calculation of earnings per share is based on the Group's unaudited net profit attributable to shareholders for the period of approximately HK\$15,022,000 (2003: HK\$20,196,000) and on the actual weighted average number of 940,758,000 shares (2003: 844,800,000 shares) of the Company in issue during the period.

Diluted earnings per share is not presented for both periods as the Company had no dilutive potential ordinary shares during both periods.

Six months ended

415

1,706

# 9. Contingent liabilities

At 30 September 2004, the Group had the following contingent liabilities:

- (a) The Group had outstanding guarantees against performance bonds in favour of contract customers of approximately HK\$69 milli
- (b) The Group had possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of approximately HK\$1.6 million at 30 September 2004. This contingent liability has arisen because, at 30 September 2004, a number of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance if their employment is terminated under certain circumstances.

### 10. Litigation

At 30 September 2004, the Group had the following outstanding litigation:

- (a) On 3 January 2003, a High Court action was brought by a subcontractor against the Group for a claim for subcontracting fee of approximately HK\$2.6 million. The Directors consider that, given the nature of the claim, it is not possible to estimate the eventual outcome of the claim with reasonable certainty. After consulting with the Group's lawyer, the Directors are of the opinion that the Group has valid defence, and consider that any resulting likely neural outcome to the Group's formula point. resulting liability would not have material impact on the Group's financial position.
- (b) On 18 March 2004 and 23 August 2004, two District Court actions were brought by two employees of the Group's subcontractors against the Group and other respondents in respect of claims for employees' compensation under the Employees' Compensation Ordinance for personal injury sustained by those employees in two accidents respectively occurred in the course of their employment.
- On 4 September 2004, a District Court action was commenced by an employee against the Group in respect of a claim for employees' compensation under the Employees' Compensation Ordinance for personal injury sustained by that employee in an accident arising in and out of the course of his employment.

No settlements have been reached for the above actions up to the date of this report and no judgement has been made against the Group in respect of the claims. The Directors are of the opinion that the claims will be covered by insurance and would not have material adverse impact on the Group's financial position.

### 11. Related party transactions

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

	Six months ended 30 September		
	2004	2003	
	(unaudited)	(unaudited)	
	HK\$'000	HK\$'000	
Subcontracting fees paid to close family members of			
Mr. Ngai Chun Hung, director of the Company	2	9,154	

The terms for the subcontracting 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 costs.

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

12. Post balance sheet events On 1 October 2004, the Group entered into a provisional sale and purchase agreement to acquire from an independent third party the properties at 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 million. This transaction will be completed on or before 13 January 2005. The properties are valued at HK\$180,000,000 as at 30 September 2004 by the DTZ Debenham Tie Leung Limited, independent professional surveyors, on the open market value basis. As the Group intends to hold these properties for long-term investment purposes, these properties will be included as investment properties in the Group's consolidated balance sheet upon completion of the transaction.

On 1 December 2004, the Group entered into a provisional sale and purchase agreement to acquire from an independent third party a residential flat located in London, the United Kingdom for a consideration of one million pounds sterling (i.e. approximately HK\$15 million). This transaction will be completed on or before 31 May 2005. As the Group intends to hold this property for long-term investment purposes, this property will be included as investment properties in the Group's consolidated balance sheet upon completion of the transaction.

## INTERIM DIVIDEND

The Directors have declared an interim dividend of HK0.5 cent per ordinary share (2003: HK0.5 cent per ordinary share) to shareholders whose names appear on the Register of Members of the Company on 5 January 2005. The dividend will be paid on 10 January 2005.

CLOSURE OF REGISTER OF MEMBERS The Register of Members of the Company will be closed from Tuesday, 4 January 2005 to Wednesday, 5 January 2005, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all completed transfer forms together with the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tengis Limited at G/F., BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong no later than 4:30 pm on Monday, 3 January 2005.

# **RESULTS FOR THE INTERIM PERIOD**

The Group recorded an unaudited consolidated profit attributable to shareholders for the six months ended 30 September 2004 ("this period") of approximately HK\$15,022,000, down 25.6% from HK\$20,196,000 for the previous corresponding period.

Turnover for this period was approximately HK\$788,218,000, up 16.3% from HK\$677,894,000 for the previous corresponding period.

Gross profit margin decreased slightly to 4.5% for this period from 5.0% for the previous corresponding period. **BUSINESS REVIEW** 

# Construction, Maintenance, Civil Engineering and Other Contracts

During this period, the following substantial construction contracts were successfully completed by Able Engineering Company Limited ("Able"), a wholly owned subsidiary of the Company:

- Conversion and Extension to Existing Aided Schools Group 3 under School Improvement Programme Phase IV Package 3  $\,$
- Conversion and Extension to Existing Aided Schools Group 1 Final Phase Package 5
- Conversion and Extension to Existing Aided Schools Group 1 Final Phase Package 4
- Conversion and Extension to Existing Aided Schools Group 1 Final Phase Package 1
- Main Building Works for Proposed International Christian Quality Music Secondary and Primary School
- Construction of a 24-Classroom Primary School at Hing Ping Road, Tuen Mun, N.T.
- Construction of a Primary School and Two Secondary Schools in Area 13, Tseung Kwan O
- Extension of Oi Kwan Road Baptist Church at 36 Oi Kwan Road, Wanchai

During this period, the following substantial road and drainage, waterworks and slope works contracts were successfully completed by Excel Engineering Company Limited ("Excel"), a wholly owned subsidiary of the Company

Proposed Residential Development at Tin Sui Wai Lot No. 24 Area 33 N.T. Temporary Public Transport Terminus (PTT) and Public Access Road Contract Works

Hong Kong International Distribution Centre (HIDC) Sewage Connection Work

During this period, Able was awarded the following substantial contract with an aggregate contract value of approximately HK \$275 million:

Construction of Second Primary & Second Secondary School in Area 104, and a Primary School at Junction of Tin Shing Road and Tin Pak Road, Tin Shui Wai, N.T.

Outstanding and Defect Rectification Works to Residential Tower at Beacon Hill Road

Excel was awarded the following substantial contracts with an aggregate contract value of approximately HK\$40 million

- The Drainage Upgrading Works Along Tin Wing Road, Tin Shui Wai, N.T.
- Outline Agreement No. 4600002385 for Distribution Cable Trenching and Laying Works in the CLP Power, North Region
- Contract No. 04/8001 for Trenching Works for 132kV Cable Overlaying From Kennedy Road to Hennessy Road

As of 30 September 2004, the total and outstanding values of the Group's substantial contracts on hand were approximately HK\$2,750 million and HK\$1,630 million respectively. These contracts will be completed in around two years' time.

### **Diversification of business**

To cope with the shrinkage in the public sector of the construction market in Hong Kong as a result of the cut in Government budget for public works, the Directors have been seeking opportunities to diversify the Group's business.

# Property redevelopment

On 25 June 2004, the Group acquired a 3-storey residential detached house with a site area of approximate 3,964 sq, feet at No. 9 Belfran Road, Kowloon (Section C of Kowloon Inland Lot No. 3281). The Company has decided to demolish the existing house on this property and redevelop the property into residential units for sale. Currently, this redevelopment project is at the planning stage and the construction work is expected to commence at the beginning of 2005 and completed in 2006.

# PRC markets

*PRC markets* On 9 August 2004, the Company entered into a framework agreement with Beijing Municipal Engineering Group Co., Ltd. ("Beijing Municipal") whereby the Company proposed to acquire 20% equity interest in Beijing Municipal for the consideration of new shares to be issued by the Company. Beijing Municipal is a state-owned enterprise registered in the People's Republic of China and is primarily engaged in the design, construction, engineering, consulting and management of various large-scale projects, including road and bridge, waterworks, sewerage treatment plants, underground works, city squares (such as Tianamen Square), airport runways, stadiums, garbage treatment plants, Beijing subway and railway and other infrastructure projects in China and other countries (such as Pakistan, Sri Lanka, etc.).

Beijing Municipal possesses the government license issued by the Ministry of Construction to carry out the Beijing Municipal possesses the government license issued by the Ministry of Construction to carry out the infrastructure, public utilities, airport runways, roads and city railway engineering and construction projects in China. Beijing Municipal has well established track record, experience as well as qualification in large-scale infrastructure projects in China and, in particular, Beijing. In view of the 2008 Olympic Game to be held in Beijing, the Board holds a positive view about the construction market in Beijing. Therefore, if the framework agreement proceeds, the proposed acquisition of the Beijing Municipal will provide an exceptional opportunity for the Company to expand its business to China and to broaden its earning base. Currently, the Company is still in negotiation with Beijing Municipal with regard to a formal agreement. in negotiation with Beijing Municipal with regard to a formal agreement.

# FINANCIAL REVIEW

**Liquidity** At 30 September 2004, the Group had bank balances and cash in hand of approximately HK\$106,767,000 (excluding pledged time deposits of approximately HK\$32,172,000), an increase of 4.1% from HK\$102,522,000 at 31 March 2004. Current ratio, measured as total current assets divided by total current liabilities, was 1.62 at 30 September 2004 (31 March 2004: 1.57).

# Financial resources

**Financial resources** The Group used net cash of approximately HK\$5,891,000 in its operating activities during this period. Bank borrowings increased to approximately HK\$20,006,000 at 30 September 2004 from HK\$80,000 at 31 March 2004. As a result, the gearing ratio, measured on the basis of total bank borrowings and finance lease payables as a percentage of total shareholders' equity, also increased to 9.7% at 30 September 2004 (31 March 2004: 0.1%). The Group's borrowings are principally on a floating rate basis and denominated in Hong Kong dollars.

Total banking facilities, comprising primarily bank overdrafts, term and revolving loans, amounted to approximately HK\$270.5 million at 30 September 2004, of which approximately HK\$182.2 million was unutilised.

**Charges on assets** At 30 September 2004, the Group's banking facilities were secured by (i) charges on the investment properties and the property under redevelopment of the Group with aggregate carrying values at 30 September 2004 of HK\$26 million and HK\$42 million respectively; (ii) charges over the Group's time deposits of approximately HK\$32.2 million plus any interest accrued thereon; (iii) assignment of certain contracts together with charge over the bank accounts maintained with the bank for the purpose of receiving income from those contracts; and (iv) corporate guarantees given by the Company to the total extent of HK\$202 million.

#### PROSPECTS

As the Government is still cautious about public works spending, the construction market conditions remain tough. Nevertheless, benefited from a series of the PRC Government's supporting policies, the general economy in Hong Kong, in particular the property market, has shown considerable recovery. Therefore, the Directors have confidence that the anticipated completion of redevelopment and sale of the property project at Belfran Road, Kowloon Tong in 2006 will generate satisfactory results.

Subsequent to the end of the "SARS" crisis and the implementation of the Individual Visit Scheme around late Subsequent to the end of the "SARS" crisis and the implementation of the Individual Visit Scheme around late 2003, the rebound of the retail markets in Hong Kong has led to substantial increases in retail shop rentals. On 1 October 2004, the Group entered into a provisional agreement for sale and purchase to acquire from an independent third party the properties at 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. This transaction will be completed on or before 13 January 2005. 30% of the consideration of these properties will be paid by the Company's internal resources whereas 70% will be funded by bank loan. The Company intends to hold these properties for long-term investment purposes. Seeing a general upward trend in the retail shop rentals, the Directors believe that there will be increases in the rentals for these shops when the existing tenancy agreements are due for renewal or new tenancy agreements are negotiated in February to March 2005. Therefore, the Directors believe that these shops will provide the Group with a steady and satisfactory income source. income source.

**STAFF AND REMUNERATION POLICY** At 30 September 2004, the Group employed 284 full-time employees in Hong Kong. The Group remunerates its staff based on their performance and work experience and by reference to the prevailing market rates. Staff benefits include mandatory provident fund, medical insurance and training programmes.

The Company also maintains a share option scheme. The purposes of the scheme are to provide incentives for the full-time employees and executives, to recognise their contributions to the growth of the Group and to provide more flexibility for the Group in formulating its remuneration policy. No share option was granted under the scheme during this period. Nor was there any share option outstanding at 30 September 2004.

**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 2004.

# CORPORATE GOVERNANCE

### Audit Committee

Audit Committee The Audit Committee comprises the three Independent Non-executive Directors of the Company, Prof. Ko Jan Ming, Hon. Ip Kwok Him, GBS, JP and Mr. Fung Pui Cheung, Eugene. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial report matters. The Audit Committee has also reviewed the unaudited interim financial statements for the six months ended 30 September 2004.

# **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 six months ended 30 September 2004, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

### Model Code

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding the Directors' securities transactions. Following specific enquiry made by the Company, the Directors have confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 September 2004.

# PUBLICATION ON WEBSITE OF THE STOCK EXCHANGE

The Company's interim report containing all the 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 of Hong Kong Limited in due course.

Independent Non-executive Directors:

# DIRECTORS

As at the date of this announcement, the Directors of the Company comprised:

*Executive Directors:* Mr. Ngai Chun Hung Mr. Yau Kwok Fai

Mr. Shek Yu Ming Joseph Mr. Li Chi Pong

Prof. Ko Jan Ming Hon. Ip Kwok Him, GBS, JP Mr. Fung Pui Cheung, Eugene

Hong Kong, 17 December 2004