盈信 VANTAGE

VANTAGE INTERNATIONAL (HOLDINGS) LIMITED
盈信控股有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 15)

ANNOUNCEMENT OF ANNUAL AUDITED RESULTS FOR THE YEAR ENDED 31 MARCH 2005

The directors (the "Directors") of the Company are pleased to announce the audited consolidated results of Vantage International (Holdings) Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2005, which have been prepared in accordance with accounting principles generally accepted in Hong Kong, together with 2004 comparative figures, set out as follows:

	Notes	**2005** *HK$'000*	2004 *HK$'000*
TURNOVER	3	**1,506,035**	1,407,882
Contract costs		**(1,437,072)**	(1,343,421)
Property expenses		**(177)**	–
Gross profit		**68,786**	64,461
Other revenue and gains	3	**3,220**	3,924
Administrative expenses		**(30,728)**	(23,394)
Other operating expenses		**(5,220)**	(1,548)
Gain on revaluation of investment properties		**14,950**	4,540
Profit from operating activities	4	**51,008**	47,983
Finance costs	5	**(980)**	(1,872)
Share of profit and loss of a jointly-controlled entity		**(11)**	258
Profit before tax		**50,017**	46,369
Tax	6	**(7,243)**	(7,349)
Net profit from ordinary activities attributable to shareholders		**42,774**	39,020
DIVIDENDS	7		
Interim		**4,704**	4,224
Proposed final		**–**	4,704
		4,704	8,928
Earnings per share	8		
– Basic		**HK4.5 cents**	HK4.6 cents
– Diluted		**N/A**	N/A

Notes:

1. **SIGNIFICANT ACCOUNTING POLICIES**

The accounts have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Statements of Standard Accounting Practice and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), 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 investment properties that have been measured at fair value, as further explained below.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("HKAS") (herein collectively referred to as "new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005. The Group has early adopted the following new HKFRSs in the financial statements for the year ended 31 March 2005:

HKFRS 3 Business Combinations
HKAS 36 Impairment of Assets
HKAS 38 Intangible Assets
HKAS 40 Investment Property

The major effects of adoption of these HKFRSs are summarised as follows:

(a) HKFRS 3 prescribes the accounting for business combinations. The early adoption of HKFRS 3 requires the early adoption of HKAS 36 and HKAS 38. The early adoption of HKFRS 3, HKAS 36 and HKAS 38 has resulted in a change in the accounting policy for goodwill.

Prior to the adoption:

- goodwill arising from acquisitions after 1 April 2001 was recognised in the consolidated balance sheet as an asset and amortised on the straight-line basis over its estimated useful life of 20 years;
- goodwill arising on acquisitions before 1 April 2001 was accounted for directly in the consolidated reserves in the year of acquisition;
- goodwill was assessed for impairment at each balance sheet date; and
- on disposal of subsidiaries, the gain or loss on disposal was calculated by reference to the net assets of the subsidiaries at the date of disposal, including the attributable amount of goodwill which remained unamortised and any relevant reserves, as appropriate. Any attributable goodwill previously accounted for directly in the consolidated reserves at the time of acquisition was written back and included in the calculation of the gain or loss on disposal of the subsidiaries.

Upon adoption:

- the Group ceased the amortisation of goodwill from 1 April 2004;
- the accumulated amortisation of goodwill arising on the acquisitions of subsidiaries and minority interests as at 1 April 2004 has been eliminated with a corresponding decrease in the respective cost of goodwill at that date;
- from the year ended 31 March 2005 onwards, goodwill is tested annually for impairment, as well as when there are indications of impairment;
- goodwill previously accounted for directly in the consolidated reserves is not recognised in the profit and loss account when a cash-generating unit to which the goodwill relates becomes impaired;
- on disposal of subsidiaries, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill which remains unamortised and any relevant reserves, as appropriate. Any attributable goodwill previously accounted for directly in the consolidated reserves at the time of acquisition is transferred to the consolidated retained profits as a movement in reserves and is not included in the calculation of the gain or loss on disposal.

HKFRS 3, HKAS 36 and HKAS 38 do not require retrospective application and have no impact on the opening retained earnings as at 1 January 2004.

The adoption of HKFRS 3 has resulted in an increase in net profit from ordinary activities attributable to shareholders of HK$862,000 for the year ended 31 March 2005.

(b) The adoption of HKAS 40 has resulted in a change in accounting policy for the Group's investment properties.

Changes in the values of investment properties were previously dealt with in the investment property revaluation reserve, on a portfolio basis. If the total of this reserve is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged. Following the adoption of HKAS 40, investment properties are measured at fair value after initial recognition and a gain or loss arising from a change in the fair value of investment properties is recognised in the profit and loss account.

There is no impact on the amounts reported for the year ended 31 March 2004 or prior periods as a result of this change in accounting policy because the Group's investment properties had a net revaluation deficit position as at 31 March 2004, 2003 and 2002 and the changes in valuation of the Group's investment properties would be recognised in the profit and loss account irrespective of whether the old policy or the new policy was applied. The effect of the change in this accounting policy on the consolidated financial statements in respect of the year ended 31 March 2005 is that the Group's net profit for the year has been increased by HK$13,088,000.

The Group has not early adopted other new HKFRSs in the financial statements for the year ended 31 March 2005. The Group has already commenced an assessment of the impact of other HKFRSs but is not yet in a position to state whether other new HKFRSs would have a significant impact on its results of operations and financial position.

2. **SEGMENT INFORMATION**

Year ended 31 March 2005

	Building construction *HK$'000*	**Renovation, repairs and maintenance** *HK$'000*	**Civil engineering works** *HK$'000*	**Property investment*** *HK$'000*	**Property development** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue:						
Sales to external customers	**1,107,957**	**276,155**	**120,619**	**1,304**	**–**	**1,506,035**
Segment results	**44,624**	**13,824**	**9,211**	**15,820**	**(4)**	**83,475**
Interest and unallocated revenue and gains						**3,220**
Unallocated expenses						**(35,687)**
Profit from operating activities						**51,008**
Finance costs						**(980)**
Share of profit and loss of a jointly-controlled entity						**(11)**
Profit before tax						**50,017**
Tax						**(7,243)**
Net profit from ordinary activities attributable to shareholders						**42,774**

Year ended 31 March 2004

	Building construction *HK$'000*	Renovation, repairs and maintenance *HK$'000*	Civil engineering works *HK$'000*	Property investment* *HK$'000* (Restated)	Property development *HK$'000*	Consolidated *HK$'000* (Restated)
Segment revenue:						
Sales to external customers	908,768	346,961	152,153	–	–	1,407,882
Segment results	38,841	15,529	10,091	4,418	–	68,879
Interest and unallocated revenue and gains						3,924
Unallocated expenses						(24,820)
Profit from operating activities						47,983
Finance costs						(1,872)
Share of profit and loss of a jointly-controlled entity						258
Profit before tax						46,369
Tax						(7,349)
Net profit from ordinary activities attributable to shareholders						39,020

* The segment results of Property Investment segment includes gain on revaluation of investment properties of HK$14,950,000 (2004: HK$4,540,000).

3. **TURNOVER, OTHER REVENUE AND GAINS**

	2005 *HK$'000*	2004 *HK$'000*
Turnover		
Contract revenue	**1,504,731**	1,407,882
Property gross rental income	**1,304**	–
	1,506,035	1,407,882
Other revenue and gains		
Interest income	**1,265**	2,709
Gain on disposal of fixed assets	**–**	4
Gain on disposal of subsidiaries	**516**	–
Exchange gains, net	**–**	740
Sundry income	**1,439**	471
	3,220	3,924

4. **PROFIT FROM OPERATING ACTIVITIES**

Profit from operating activities is arrived at after charging/(crediting):

	2005 *HK$'000*	2004 *HK$'000*
Depreciation	**1,690**	1,909
Gain on revaluation of investment properties	**(14,950)**	(4,540)
Goodwill amortisation*	**–**	862
Impairment loss on fixed assets*	**5,121**	–
Staff costs (excluding directors' remuneration):		
– Salaries and wages	**63,012**	59,513
– Pension schemes contributions	**2,436**	2,244
– Forfeited contributions	**(283)**	(189)
	2,153	2,055
Interest income	**(1,265)**	(2,709)

* Included in "Other operating expenses"

5. **FINANCE COSTS**

	2005 *HK$'000*	2004 *HK$'000*
Interest on bank loans and overdrafts	**1,377**	1,870
Interest on finance leases	**6**	2
Total interest	**1,383**	1,872
Less: Interest capitalised	**(403)**	–
	980	1,872

6. **TAX**

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2005 *HK$'000*	2004 *HK$'000*
Current – Hong Kong:		
Charge for the year	**7,262**	7,384
Over-provision in prior years	**(105)**	(138)
Deferred	**86**	103
Total tax charge for the year	**7,243**	7,349

7. **DIVIDENDS**

	2005 *HK$'000*	2004 *HK$'000*
Interim – HK0.5 cent (2004: HK0.5 cent) per ordinary share	**4,704**	4,224
Proposed final – Nil (2004: HK0.5 cent) per ordinary share	**–**	4,704
	4,704	8,928

8. **EARNINGS PER SHARE**

The calculation of basic earnings per share is based on the Group's net profit from ordinary activities attributable to shareholders for the year of approximately HK$42,774,000 (2004: HK$39,020,000) and the weighted average of approximately 940,758,000 (2003: 854,500,672) ordinary shares in issue during the year.

Diluted earnings per share for the year ended 31 March 2005 has not been calculated as the Company's outstanding share options did not have a dilutive effect for the year.

Diluted earnings per share for the year ended 31 March 2004 has not been calculated as the Company had no dilutive potential ordinary shares during that year.

9. **COMPARATIVE AMOUNTS**

Certain comparative amounts have been reclassified to conform to the current year's presentation.

Due to the addition of reportable segments identified during the year, certain comparative amounts in the segment information note have been restated.

DIVIDENDS

The Directors do not recommend the payment of a final dividend.

BUSINESS AND OPERATION REVIEW

I. New business activities

(i) Property investment

In 2004/05, benefiting from the considerable recovery in property markets and the low interest rate environment, we achieved the goal to extend our business scope beyond construction and engineering. During the year, we successfully acquired a number of investment properties including a residential house in Tai Po, New Territories and a number of shops on Ground Floor of Argyle Centre in Mongkok, Kowloon. Our investment properties were valued at 31 March 2005 by independent professional valuers. As a result of the valuation, we recorded a gain of approximately HK$15 million. This reflects the strong rebound of the prices as well as the number of transactions in the property markets over the past year. The aggregate value of our investment properties stood at HK$229.8 million at 31 March 2005.

Before 31 March 2005, we also contracted to purchase the whole and portion of two adjacent buildings at Tung Choi Street, Mongkok, Kowloon, a whole block of building at Jardine's Bazaar, Causeway Bay, Hong Kong and two shop units together with a storeroom at Fou Wah Centre, Tsuen Wan, New Territories. These purchases have already been completed subsequent to 31 March 2005, which further increased the overall value of our investment properties to over HK$560 million.

Following the completion of acquisition in January 2005, the shops at Argyle Centre have commenced to generate rental income for the Group. A total rental income of approximately HK$1,304,000 and a gross profit of approximately HK$1,127,000 were recorded for the year.

(ii) Property development

In June 2004, we acquired a detached house at Belfran Road, Kowloon for redevelopment. We intend to rebuild a block of residential units with a total gross floor area of about 1,460 sq. m. subject to the modification of the Government Lease being approved. The demolition works have already been completed and construction works are pending the approval of the lease modification. We expect the whole redevelopment project will be completed by the end of 2006 and plan to launch pre-sale around mid 2006.

II. Construction and engineering works

Despite the continuing improvement in Hong Kong's overall economy, the conditions in the construction market remain tough and highly competitive. In the face of cutting margins, we have kept up our cost control measures. With effective project management, our construction and engineering division managed to attain a growth of 7% and 5% in terms of contract revenue and gross profit respectively.

As of 31 March 2005, the total and outstanding values of the Group's substantial contracts on hand were approximately HK$2,661 million and HK$1,134 million respectively. These contracts will be completed in around two years' time.

PROSPECT

I. Property

Although there have been signs of slowing down in the past few months, we expect tourism from Mainland China will regain its momentum of growth following the completion and opening of a number of large tourist attractions in the coming months. In the light of this, we expect that the commercial rentals are still on the increase and our property portfolio will benefit from these favorable conditions.

II. Construction and engineering

We remain conservative about the development of the construction markets in Hong Kong. Competition will continue to be fierce. Building on years of solid experience and a high reputation for quality within the public sector, we are actively exploring opportunities in the private sector. On the chance that the private sector of the construction market will revive following a sustaining growth in the private residential property market, we are well poised to tap any emerging opportunities.

LIQUIDITY AND FINANCIAL RESOURCES

At 31 March 2005, the Group's cash and bank balances (excluding pledged deposits) amounted to HK$83,613,000, representing a decrease by 18% from 2004 of HK$102,522,000. This was primarily caused by the payments made for the acquisitions of properties during the year. Current ratio, measured as total current assets divided by total current liabilities, was 1.21 at 31 March 2005, as compared to 2004 of 1.57.

Meanwhile, bank overdrafts and loans increased substantially to approximately HK$194,912,000, as compared to 2004 of HK$80,000. 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, increased to 84% at 31 March 2005 (2004: 0.1%). The significant increase in bank borrowings was due to the new bank loans of HK$126 million and £870,000 (equivalent to approximately HK$13 million) respectively obtained by the Group for the purposes of acquiring a number of shop units at Argyle Centre in Mongkok, Kowloon and a residential flat at Cadogan Square, London, the United Kingdom.

The Group's borrowings are denominated in Hong Kong dollars, except for the bank loan of £870,000, which is denominated in British Pounds Sterling. While the new bank loans were only drew down by the Group near the financial year end, interest expenses on bank borrowings (including the amount capitalised of approximately HK$403,000) decreased by 26% to HK$1,377,000 for this year (2004: HK$1,870,000).

Whilst the Group's borrowings are principally on a floating rate basis, in order to hedge against the risk of interest rate upward trends, we obtained a banking facility for interest rate swap for an aggregate notional amount of HK$150 million which has become effective after 31 March 2005 but before the date of this announcement.

Other banking facilities, comprising primarily bank loans and overdrafts, amounted to approximately HK$591 million at 31 March 2005, of which approximately HK$325 million was unutilised.

CHARGES ON ASSETS

At 31 March 2005, fixed deposits of approximately HK$32,239,000 (2004: HK$21,758,000), investment properties with an aggregate carrying value of approximately HK$229,500,000 (2004: HK$16,500,000), leasehold land and building of approximately HK$14,700,000 (2004: nil) and property under redevelopment of approximately HK$42,355,000 (2004: nil) were pledged in favour of certain banks to secure the banking facilities granted by those banks to the Group. In addition, accounts receivable of certain construction contracts of the Group were assigned in favour of certain banks to secure the banking facilities as of 31 March 2005.

CAPITAL COMMITMENT

At 31 March 2005, the Group had capital commitments in respect of purchases of investment properties of approximately HK$313,267,000 (2004: HK$8,174,000).

CONTINGENT LIABILITIES

At 31 March 2005, the Group had contingent liabilities in relation to guarantees in respect of performance bonds in favour of contract customers of approximately HK$69,398,000 (2004: HK$24,102,000). In addition, at 31 March 2005, the Company had contingent liabilities in respect of guarantees given to banks against the facilities granted to subsidiaries of the Company utilised to the extent of approximately HK$266 million (2004: HK$24 million).

CAPITAL STRUCTURE

On 16 February 2004, the Company completed a private placement of 95,958,000 shares to several independent investors ("Placees"). Pursuant to this placement of shares, on 29 April 2004, the Company issued options to the Placees to subscribe for up to 95,958,000 new shares in the Company at an exercise price of HK$0.8 per share within 36 months from the date of the grant of the options.

STAFF AND REMUNERATION POLICY

At 31 March 2005, the Group employed 226 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.

The Company also has a share option scheme the purposes of which 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. No share option was granted under the scheme during the year.

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 the purposes of reviewing and providing supervision of the financial reporting process and internal controls of the Group. The audit committee has held meetings to review and discuss with the management and the external auditors financial reporting matters including the annual results for the year ended 31 March 2005. The current members of the audit committee comprise the Independent Non-executive Directors, namely Mr. Ip Kwok Him, GBS, JP, Professor Ko Jan Ming and Mr. Fung Pui Cheung Eugene.

CODE OF BEST PRACTICE

In the opinion of the Directors, the Company complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") (in force prior to the accounting period commencing on or after 1 January 2005) throughout the year ended 31 March 2005.

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 throughout the year ended 31 March 2005.

BOARD OF DIRECTORS

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

Executive Directors	*Independent Non-executive Directors*
Mr. Ngai Chun Hung	Professor Ko Jan Ming
Mr. Yau Kwok Fai	Mr. Ip Kwok Him, GBS, JP
Mr. Shek Yu Ming Joseph	Mr. Fung Pui Cheung Eugene
Mr. Li Chi Pong	

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 of Hong Kong Limited in due course.

By order of the Board
Ngai Chun Hung
Chairman

Hong Kong, 18 July 2005