

VANTAGE INTERNATIONAL (HOLDINGS) LIMITED

盈信控股有限公司

(incorporated in Bermuda with limited liability)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2003

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 2003 together with comparative figures for the corresponding period in the previous

CONDENSED CONSOLIDATED INCOME STATEMENT

Six months anded

For the six months ended 30 September 2003

		30 September	
	Notes	2003 (unaudited) <i>HK\$'000</i>	2002 (unaudited) <i>HK</i> \$'000
TURNOVER – contract revenue Contract costs	4	677,894 (643,712)	220,436 (204,050)
Gross profit		34,182	16,386
Other revenue and gains Amortisation of goodwill Administrative and other	4	1,706 (431)	582 (431)
operating expenses		(9,433)	(9,088)
Profit from operating activities	5	26,024	7,449
Finance costs Share of profits less losses		(1,394)	(320)
of jointly-controlled entities		(35)	34
Profit before tax Tax	6	24,595 (4,399)	7,163 (1,133)
Net profit attributable to shareholders		20,196	6,030
Interim dividend	7	4,224	
Earnings per share - Basic	8	2.391 cents	0.714 cents
- Fully diluted		<u>N/A</u>	N/A

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- Fully diluted		N/A	N/A
CONDENSED CONSOLIDATE As of 30 September 2003	D B	ALANCE SHE	EET
		As of 30 September	As of 31 March
		2003 (unaudited)	2003 (audited)
		HK\$'000	HK\$'000
Non-current assets Property, plant and equipment		16,323	15,825
Goodwill Interests in jointly-controlled entities	s	15,148 (271)	15,579 (236)
j		31,200	31,168
Current assets			
Gross amount due from customers for contract works Accounts receivable	r	60,281 111,037	78,508 151,616
Deposits, prepayment and other receivables		70,418	61,711
Pledged time deposits Cash and bank balances		27,474 45,973	22,220 27,578
		315,183	341,633
Current liabilities Accounts payable		142,702	177,073
Gross amount due to customers for contract works		38,612	27,346
Other payables and accruals Trade payables to related parties		5,004 1,451	1,606 21
Tax payable Interest-bearing bank borrowings		5,353 15,614	954 44,126
<i>g g</i> .		208,736	251,126
Net current assets		106,447	90,507
Total assets less current liabilities		137,647	121,675
Non-current liabilities Deferred tax		120	120
		120	120
		137,527	121,555
Capital and reserves			
Share capital Reserves Dividend		21,120 112,183	21,120 96,211
Interim dividend for 2003/04 Proposed final dividend		4,224	-
for 2002/03			4,224
		137,527	121,555
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For indentification purpose only

NOTES TO THE CONDENSED INTERIM FINANCIAL **STATEMENTS**

For the six months ended 30 September 2003

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 These condensed interim consolidated financial statements have been prepared in accordance with Statement of Standard Accounting Practice ("SSAP") 25 (Revised) "Interim Financial Reporting" issued by the Hong Kong Society of 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").

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 2003, except that the Group has adopted SSAP 12 (Revised) "Income taxes", which is effective for accounting periods commencing on or after 1 January 2003.

Previously, deferred tax liabilities were provided using the liability method in respect of the taxation effect arising from all material time differences between the accounting profit and profit computed for tax purposes to the extent that the differences are reasonably expected to crystallise in the foreseeable future. Deferred tax assets were not recognised unless their realisation was assured beyond reasonable doubt. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognized in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. This new accounting policy has been applied retrospectively and certain comparative amounts have been restated accordingly.

The main effect of the adoption of SSAP 12 (Revised) on the Group arises from tax losses carried forward. As a result of this change in accounting policy, the opening balance on retained profits as of 1 April 2002 has been increased by HK\$1,054,000. However, there is no significant impact on the Group's profits for the six months ended 30 September 2003 or 2002.

SEGMENT INFORMATION

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: Segment revenue

Segment results

	Six months ended 30 September		Six months ended 30 September	
	2003 (unaudited) HK\$'000	2002 (unaudited) <i>HK</i> \$'000	2003 (unaudited) HK\$'000	2002 (unaudited) <i>HK</i> \$'000
Building construction Civil engineering works Renovation, repairs	486,613 67,818	112,073 39,757	23,885 4,771	7,944 2,664
and maintenance	123,463	68,606	5,526	5,778
	677,894	220,436	34,182	16,386
Interest and dividend income and unallocated g Unallocated corporate expe			1,706 (9,864)	582 (9,519)
Profit from operating activi	ties		26,024	7,449
Finance costs			(1,394)	(320)
Share of profits less losses of jointly-controlled enti-	ties		(35)	34
Profit before tax Tax			24,595 (4,399)	7,163 (1,133)
Net profit attributable to shareholders			20,196	6,030
During both current a	and prior per	riods, the G	roup primar	ily carried

out all of its operations in Hong Kong. Accordingly, no geographical segment information is presented.

TURNOVER, OTHER REVENUE AND GAINS

Six months ended	
30 September	
2003 (unaudited) <i>HK\$'000</i>	2002 (unaudited) <i>HK</i> \$'000
677,894	220,436
1,122 3 350 231 1,706	158 - - 424 582
	30 Sept 2003 (unaudited) HK\$'000 677,894 1,122 3 350 231

PROFIT FROM OPERATING ACTIVITIES

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Profit from operating activities has been arrived at after charging/

	Six months ended 30 September	
	2003	2002
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
epreciation	844	684
mortisation of goodwill	431	431
change gains, net	(350)	(203)
terest income	(1,122)	(158)
ain on disposal of fixed assets	(3)	

Six months ended 30 September 2003 2002 (unaudited) (unaudited) HK\$'000 HK\$'000 Hong Kong profits tax Provision for current period

Six months ended

Hong Kong profits tax has been provided at the rate of 17.5% (2002: 16%) on the estimate assessable profits arising in Hong Kong during

DIVIDEND

Dividend attributable to the interim period is as follows:

30 September	
2003	2002
(unaudited)	(unaudited)
HK\$'000	HK\$'000
4,224	_
4,224	_
	2003 (unaudited) HK\$'000

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	
	2003	2002
	(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 (2002: nil)	4,224	_
	4,224	

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\$20,196,000 (2002: HK\$6,030,000) and on the actual weighted average number of 844,800,000 shares (2002: 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 has no dilutive potential ordinary shares during both periods.

PLEDGE OF ASSETS

As of 30 September 2003, the Group's banking facilities were secured As of 30 september 2003, the Group's banking facilities were secured by (i) a registered all monies charge on the investment properties of the Group with a carrying value as of 30 September 2003 of HK\$12 million; (ii) charge over the Group's fixed deposits of approximately HK\$27.5 million plus any interest accrued thereon; (iii) assignment of certain contracts together with charge over the bank accounts maintained with the bank for purpose of receiving income from those contracts; and (iv) corporate guarantees given by the Company to the total extent of HK\$67 million.

CONTINGENT LIABILITIES

As of 30 September 2003, the Group had contingent liabilities in respect of outstanding guarantees under several performance bonds amounting to HK\$8.85 million.

11. RELATED PARTY TRANSACTIONS

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

Six months ended

	30 September	
	2003	2002
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Subcontracting construction fees		
paid to close family members of		
Mr. Ngai Chun Hung, director of		
the Company	9,154	1,611

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 costs

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

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK0.5 cent per share (2002: nil) to shareholders whose names appear on the Register of Members of the Company on 5 January 2004. The dividend will be paid on 9 January 2004.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 31 December 2003 to Monday, 5 January 2004, 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., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong no later than 4:30 pm on Tuesday, 30 December 2003.

BUSINESS REVIEW Financial Performance

The Directors are pleased to report that the Group has continued to record encouraging growth and results for the six months ended 30 September 2003. Highlights of the Group's performance for this period are as follows:

- Profit attributable to shareholders increased remarkably by 235% to HK\$20,196,000 for this period from HK\$6,030,000 for the corresponding period in the previous year.
- Turnover was HK\$677,894,000 for this period, a 208% increase from HK\$220,436,000 for the last corresponding period.
- Gross profit margin decreased slightly to 5.0% for this period from 7.4% for the last corresponding period.
- Despite the significant increase in turnover, administrative and operating expenses were contained at a low level and increased only slightly by 3.8%, which is attributable to our effective cost control measures.

During this period, the Group successfully completed the following substantial contracts:

- Construction of Two Secondary Schools at Lee On Road, Kwun Tong
- Construction of Two Secondary Schools at Tokwawan Reclamation
- Construction of Two Primary Schools and One Secondary School in Area 36, Fanling
- Redevelopment of Former of School Premises of Chuen Yuen Second School
- Spalling Concrete Repair and Extension Re-decoration Works on Main Block and Senior Staff Quarters at Ruttonjee Hospital

During this period, the Group was awarded the contract value of approximately HK\$381 million: awarded the following significant contracts with a total

- Construction of District Open Space in Tung Chung
- Main Building Works for Proposed International Christian Quality Music Secondary and Primary School
- Conversion and Extension to 5 Nos. Existing Aided Schools under the School Improvement Programme Final Phase
- Renewed contract for the Construction and Maintenance of Trenching/Cable Laying and Contractual Works in the Areas of Hong Kong, Ap Lei Chau, Lamma Islands and Outlying Island

During the period, both the works progress and performance of all construction, civil as well as maintenance contracts were satisfactory. As of 30 September 2003, the total and outstanding values of the Group's substantial contracts on hand were approximately HK\$3,154 million and HK\$1,921 million respectively. These contracts will be completed in around three years' time. FINANCIAL REVIEW

Liquidity As of 30 September 2003,

As of 30 September 2003, the Group had bank balances and cash in hand, excluding fixed deposits of approximately HK\$27,474,000 pledged in favour of banks to secure the Group's banking facilities, amounting to approximately HK\$45,973,000, an increase of 66.7% from HK\$27,578,000 as of 31 March 2003. Current ratio, measured as total current assets divided by total current liabilities, was 1.51 as of 30 September 2003 (31 March 2003: 1.36). Financial Resources

Financial Resources
The Group generated net cash inflows of HK\$53,500,000 from its operating activities during the period. As a result, the Group has placed less reliance on short-term bank loans to finance its working capital requirement and there has been a considerable decrease in the bank borrowings to HK\$15,614,000 as of 30 September 2003 from HK\$44,126,000 as of 31 March 2003. In addition, the gearing ratio, measured on the basis of total bank borrowings as a percentage of total shareholders' equity, decreased to 11.4% as of 30 September 2003 (31 March 2003: 36.3%). The Group's borrowings are principally on a floating rate basis and denominated in Hong Kong dollars dollars.

Total banking facilities, comprising primarily bank overdrafts and other term loans, amounted to HK\$134,000,000 as of 30 September 2003, of which approximately HK\$118,386,000 was unutilised.

PROSPECTS

Subsequent to 30 September 2003, the Group secured several new substantial contracts with a total contract value of approximately HK\$332 million, which comprise the following:

- Construction of An Ambulance Depot with Ambulance Command and Fire Safety Command Headquarters at Anchor Street, Mong Kok
- Extension of Oi Kwan Road Baptist Church at 36 Oi Kwan Road, Wanchai
- Construction and Extension to 3 Nos. Existing Aided Schools under School Improvement Programme Final Phase
- Construction of a Primary School and Secondary School in Area 38A, Shatin

Though there have been signs of recovery in the property market in Hong Kong during these few months, the construction industry remains stagnant. Therefore, the management will continue the tight cost control measures while putting more efforts in securing more contracts of different natures in order to keep up the Group's competitive strength and maintain its profitability.

STAFF

As of 30 September 2003, the Group employed 227 full-time staff in Hong Kong.

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 2003.

CORPORATE GOVERNANCE

Audit Committee Review

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.

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 2003, 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 of Hong Kong Limited (the "Listing Rules").

To comply with the Code of Best Practice, the Audit Committee comprising the two independent non-executive directors of the Company was set up 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.

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.

On behalf of the Board Ngai Chun Hung Chairman