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

(Incorporated in Bermuda with limited liability)

(Stock Code: 15)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

The board (the "**Board**") of directors (the "**Directors**") of Vantage International (Holdings) Limited (the "**Company**") presents the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 September 2018 ("**this period**") together with comparative figures for the corresponding period in the previous year. The condensed consolidated interim financial information has not been audited, but has been reviewed by the Company's audit committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 September 2018

		Unaudited Six months ended 30 September	
	Notes	**2018**	2017
		HK$'000	*HK$'000*
REVENUE	6	**1,670,606**	1,710,963
Contract works costs		**(1,188,316)**	(1,532,452)
Property costs		**(150,676)**	(4,098)
Gross profit		**331,614**	174,413
Other income and gains	6	**9,373**	4,034
Selling and marketing expenses		**(467)**	-
Administrative expenses		**(102,294)**	(79,724)
Finance costs		**(16,054)**	(13,031)
PROFIT BEFORE TAX	7	**222,172**	85,692
Income tax expense	8	**(38,317)**	(14,644)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**183,855**	71,048

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

Six months ended 30 September 2018

	Note	**Unaudited Six months ended 30 September 2018** *HK$'000*	2017 *HK$'000*
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**183,855**	71,048
Profit and total comprehensive income attributable to:			
Owners of the parent		**164,294**	49,535
Non-controlling interests		**19,561**	21,513
		183,855	71,048
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (HK cents)	10		
Basic – for profit of the period		**9.76**	2.85
Diluted – for profit of the period		**9.74**	2.84

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2018

	Notes	**Unaudited 30 September 2018** ***HK$'000***	Audited 31 March 2018 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**837,529**	127,503
Properties held for development		**434,393**	396,877
Investment properties	11	**2,039,688**	2,039,000
Investments in joint ventures		**8,800**	8,800
Prepayments and deposits		**-**	114,741
Deferred tax assets		**5,739**	3,678
Total non-current assets		**3,326,149**	2,690,599
CURRENT ASSETS			
Gross amount due from customers for contract works	3	**-**	17,306
Properties under development		**421,577**	419,033
Properties held for sale		**549,970**	667,226
Accounts receivable	3, 12	**278,340**	533,348
Loans and interest receivables	13	**158,126**	106,239
Prepayments, deposits and other receivables	3	**62,272**	70,645
Contract assets	3	**214,951**	-
Amounts due from joint ventures		**111**	93
Tax recoverable		**9,715**	9,609
Cash and cash equivalents		**1,262,789**	1,480,671
Total current assets		**2,957,851**	3,304,170
CURRENT LIABILITIES			
Accounts payable	14	**432,535**	444,366
Accruals of costs for contract works	3	**-**	224,360
Tax payable	3	**88,165**	32,076
Other payables and accruals	3	**232,826**	136,914
Contract liabilities	3	**167,522**	-
Amounts due to joint ventures		**8,114**	8,114
Interest-bearing bank loans		**1,366,708**	1,380,161
Total current liabilities		**2,295,870**	2,225,991
NET CURRENT ASSETS		**661,981**	1,078,179
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,988,130**	3,768,778

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

30 September 2018

	Note	**Unaudited 30 September 2018 *HK$'000***	Audited 31 March 2018 *HK$'000*
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**10,588**	10,378
Total non-current liabilities		**10,588**	10,378
Net assets		**3,977,542**	3,758,400
EQUITY			
Equity attributable to owners of the parent			
Issued capital	15	**42,074**	42,074
Reserves		**3,623,135**	3,422,040
		3,665,209	3,464,114
Non-controlling interests	3	**312,333**	294,286
Total equity		**3,977,542**	3,758,400

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2018

	Attributable to owners of the parent										
	Issued capital	**Share premium account**	**Capital reserve**	**Contributed surplus**	**Other reserves**	**Share option reserve**	**Property revaluation reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2018	**42,074**	**253,274***	**299,969***	**11,421***	**-**	**1,314***	**204,197***	**2,651,865***	**3,464,114**	**294,286**	**3,758,400**
Impact on initial application of HKFRS 15 (*note 3*)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**70,460**	**70,460**	**23,486**	**93,946**
Adjusted balance as at 1 April 2018	**42,074**	**253,274**	**299,969**	**11,421**	**-**	**1,314**	**204,197**	**2,722,325**	**3,534,574**	**317,772**	**3,852,346**
Profit and total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**164,294**	**164,294**	**19,561**	**183,855**
2017/18 final dividends paid (*note 9*)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(33,659)**	**(33,659)**	**-**	**(33,659)**
Dividends paid to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(25,000)**	**(25,000)**
At 30 September 2018	**42,074**	**253,274***	**299,969***	**11,421***	**-**	**1,314***	**204,197***	**2,852,960***	**3,665,209**	**312,333**	**3,977,542**
At 1 April 2017	44,042	342,430	299,969	11,421	-	1,368	204,197	2,276,621	3,180,048	250,543	3,430,591
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	49,535	49,535	21,513	71,048
2016/17 final dividends paid (*note 9*)	-	-	-	-	-	-	-	(33,717)	(33,717)	-	(33,717)
Shares repurchased and cancelled (*note 15*)	(1,972)	(89,269)	-	-	-	-	-	-	(91,241)	-	(91,241)
Issue of shares (*note 15*)	4	90	-	-	-	-	-	-	94	-	94
Transfer upon exercise of share options (*note 15*)	-	23	-	-	-	(23)	-	-	-	-	-
At 30 September 2017	42,074	253,274	299,969	11,421	-	1,345	204,197	2,292,439	3,104,719	272,056	3,376,775

* These reserve accounts comprise the consolidated reserves of HK$3,623,135,000 (31 March 2018: HK$3,422,040,000) in the consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 September 2018

		Unaudited Six months ended 30 September	
	Notes	**2018**	2017
		HK$'000	*HK$'000*
Net cash flows from operating activities		**465,293**	334,347
Cash flows from investing activities			
Additions of items of property, plant and equipment		**(610,537)**	(707)
Additions of investment properties		**(688)**	(4,390)
Proceeds from disposal of items of property, plant and equipment		**162**	-
Net cash flows used in investing activities		**(611,063)**	(5,097)
Cash flows from financing activities			
Dividends paid to ordinary shareholders	9	**(33,659)**	(33,717)
Dividends paid to non-controlling interests		**(25,000)**	-
New bank loans		**120,315**	190,000
Repayment of bank loans		**(133,768)**	(222,599)
Proceeds from issue of shares	15	**-**	94
Payment for repurchase and cancellation of shares	15	**-**	(91,241)
Net cash flows used in financing activities		**(72,112)**	(157,463)
Net increase/(decrease) in cash and cash equivalents		**(217,882)**	171,787
Cash and cash equivalents at beginning of period		**1,480,671**	1,236,682
Cash and cash equivalents at end of period		**1,262,789**	1,408,469
Analysis of balances of cash and cash equivalents:			
Cash and bank balances		**642,789**	687,677
Non-pledged time deposits		**620,000**	720,792
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows		**1,262,789**	1,408,469

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2018

1. CORPORATE INFORMATION

Vantage International (Holdings) Limited (the "**Company**") is a limited liability company incorporated in Bermuda and whose shares are publicly traded on The Stock Exchange of Hong Kong Limited (The "**Stock Exchange**"). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at No. 155 Waterloo Road, Kowloon Tong, Kowloon, Hong Kong. The principal activities of the Company and its subsidiaries (collectively, the "**Group**") are described in note 5 to the unaudited condensed consolidated interim financial information.

In the opinion of the directors of the Company (the "**Directors**"), the parent and the ultimate holding company of the Company is Winhale Ltd., which is incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the six months ended 30 September 2018 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange (the "**Listing Rules**").

The accounting policies and basis of preparation adopted in the preparation of this unaudited condensed consolidated interim financial information are consistent with those set out in the Group's audited consolidated financial statements for the year ended 31 March 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong, except for the adoption of the new and revised HKFRSs as stated in note 3 of the unaudited condensed consolidated interim financial information below. This unaudited condensed consolidated interim financial information has been prepared under the historical cost convention, except for investment properties, which have been measured in fair value. This unaudited condensed consolidated interim financial information is presented in Hong Kong dollars ("**HK$**"), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand except when otherwise indicated.

This unaudited condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 March 2018. This condensed consolidated interim financial information has not been audited or reviewed by the Company's external auditor, but has been reviewed by the Company's audit committee (the "**Audit Committee**").

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2018

3. PRINCIPAL ACCOUNTING POLICIES

The Group has adopted, for the first time, the following new and revised HKFRSs for the current period's unaudited condensed consolidated interim financial information:

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contract*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

The Group has applied, for the first time, HKFRS 15 *Revenue from Contracts with Customers* and HKFRS 9 *Financial Instruments* that require restatement of previous financial statements. The nature and effect of these changes are disclosed below.

Several other amendments and interpretations are applied for the first time in this period, but do not have significant impact on the unaudited condensed consolidated interim financial information of the Group.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Key Changes in Accounting Policies Resulting from Application of HKFRS 15

HKFRS 15 supersedes HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to be recognised through a five-step approach: (i) identify the contract(s) with customer; (ii) identify separate performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations; and (v) recognise revenue when a performance obligation is satisfied. The core principle is that a company should recognise revenue at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration of all the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2018

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Key Changes in Accounting Policies Resulting from Application of HKFRS 15 (continued)

The Group has elected to apply the modified retrospective method whereby the effects of adopting HKFRS 15 for uncompleted contracts with customers as at 31 March 2018 are adjusted at the opening balance of retained profits as at 1 April 2018 and prior period comparatives are not restated. The effects of the adoption of HKFRS 15 are set out below.

From 1 April 2018 onwards, the Group has adopted the following accounting policies on revenue:

General Policies

Revenue is recognised when or as the control of the goods or services is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, the control of the goods or services may be transferred over time or at a point in time.

Control of the goods or services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation relative to the total expected efforts or inputs.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration.

A contract liability represents the Group's obligation to transfer goods and services to a customer for which the Group has received consideration from the customer.

Incremental costs incurred to obtain a contract, if recoverable, are capitalised as contract assets and subsequently amortised when the related revenue is recognised.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2018

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Key Changes in Accounting Policies Resulting from Application of HKFRS 15 (continued)

Sales of properties

Prior to the adoption of HKFRS 15, the Group accounted for revenue from sales of properties when significant risk and rewards of ownership has been transferred to the customers on delivery in its entirety at a single time upon sales agreements become unconditional.

Under HKFRS 15, for properties that have no alternative use to the Group due to contractual reasons and when the Group has an enforceable right to payment from customers for performance completed to date, the Group recognises revenue as the performance obligation is satisfied over time in accordance with the input method for measuring progress. The excess of cumulative billings to purchasers of properties over the cumulative revenue recognised in profit or loss is recognised as contract liabilities.

Taking into account the contract terms regarding the sale of properties, the Group's business practice and the legal and regulatory environment of Hong Kong, the Group has assessed that its property sales contracts do not meet the criteria for recognising revenue over time and therefore the Group continues to recognise revenue from property sales at a point in time, when the purchasers obtain physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable. Accordingly, the adoption of HKFRS 15 has had no significant impact on the timing of revenue recognition for property sales.

Under HKFRS 15, any deposits or amount received in advance from customers before sales recognition is recognized as contract liabilities. For contracts where the period between the payment by the customer and the transfer of the promised property or service exceeds one year, the transaction price is adjusted for the effects of a financing component, if significant.

Contract works

In prior reporting periods, the Group mainly accounted for revenue from construction contracts using the percentage of completion method, measured by reference to the percentage of certified value of work performed to date to the total contract sum of the relevant contract. Profit is only recognized when the work is sufficiently advanced such that the costs to complete and the revenue can be reliably estimated. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from customers for contract works. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as accruals of costs for contract works.

Under HKFRS 15, revenue from construction contracts will continue to be recognised over time when the Group creates or enhances an asset that the customer controls over time in accordance with the direct measurements of the value transferred by the Group to the customer with reference to the certified value of work performed to date.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2018

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Key Changes in Accounting Policies Resulting from Application of HKFRS 15 (continued)

Contract works (continued)

The Group has assessed that the adoption of HKFRS 15 would have impact on the recognition of costs relating to the Group's contract works, where costs that relate to satisfied performance obligations in a contract will be recognised to profit or loss immediately but not according to the project's overall profit estimation.

Consolidated impact

In addition to the impacts on the recognition of revenue and contract costs for sale of properties and contract works as discussed above, reclassifications of certain items on the Group's financial statements were made as at 1 April 2018 to consistent with the terminology used under HKFRS 15:

- Sales proceeds and deposits received in advance from buyers in connection with the Group's sales of properties were reclassified from "other payables" to "contract liabilities"; and
- Unbilled amount resulting from construction contracts and retention receivables were reclassified from "accounts receivable" to "contract assets".

The following table summarize the impact of HKFRS 15 on the Group's financial position as at 1 April 2018.

	As at 1 April 2018		
	As previously stated	Impact of HKFRS 15	As restated
	HK$'000	*HK$'000*	*HK$'000*
Assets			
Gross amount due from customers for contract works	17,306	(17,306)	-
Accounts receivable	533,348	(244,348)	289,000
Prepayments, deposits and other receivables	70,645	(50)	70,595
Contract assets	-	244,398	244,398
Liabilities			
Accruals of costs for contract works	224,360	(224,360)	-
Other payables and accruals	136,914	194	137,108
Contract liabilities	-	94,350	94,350
Tax payable	32,076	18,564	50,640
Equity			
Retained profits	2,651,865	70,460	2,722,325
Non-controlling interests	294,286	23,486	317,772

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2018

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Key Changes in Accounting Policies Resulting from Application of HKFRS 15 (continued)

Consolidated impact (continued)

The following table summarize the estimated impact of the adoption of HKFRS 15 on the Group's financial performance for the six months ended 30 September 2018.

	For the six months ended 30 September 2018		
	Hypothetical amounts before adoption of of HKFRS 15	**Estimated impact of HKFRS 15**	**Amounts reported in accordance with with HKFRS 15**
	HK$'000	***HK$'000***	***HK$'000***
Contract works costs	**1,280,498**	**(92,182)**	**1,188,316**
Income tax expense	**23,107**	**15,210**	**38,317**
Profit for the period	**106,883**	**76,972**	**183,855**
Profit for the period attributable to:			
Owners of the parent	**106,565**	**57,729**	**164,294**
Non-controlling interests	**318**	**19,243**	**19,561**

Key Changes in Accounting Policies Resulting from Application of HKFRS 9

HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The Group has applied HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements. The Group has elected not to adjust the comparative information for the period beginning 1 April 2018, which was presented under the classification and measurement requirements of HKAS 39. The impacts relating to the classification and measurement and the impairment requirements upon the adoption of HKFRS 9 are summarised as follows:

Classification and measurement

Debtors arising from contracts with customers are initially measured in accordance with HKFRS 15. Except for trade receivables, under HKFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss ("**FVPL**"), amortised cost, or fair value through other comprehensive income ("**FVOCI**"). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the "**SPPI criterion**").

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2018

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Key Changes in Accounting Policies Resulting from Application of HKFRS 9 (continued)

Classification and measurement (continued)

The new classification and measurement of the Group's debt financial assets are, as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's accounts receivable, loans and interest receivables, and deposits and other receivables.

All other financial assets are subsequently measured at FVPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies. Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. Equity instruments at FVOCI are not subject to an impairment assessment under HKFRS 9. The Group does not have any equity instruments at FVOCI during the reporting period.

The assessment of the Group's business models was made as of the date of initial application, 1 April 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 April 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The adoption of HKFRS 9 has had no significant impact on the classification and measurement of the financial assets of the Group as debt instruments previously classified as loans and receivables would continue to be measured at amortised cost.

The accounting for the Group's financial liabilities remains largely the same as it was under HKAS 39. Similar to the requirements of HKAS 39, HKFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the statement of profit or loss.

Impairment

HKFRS 9 requires an impairment on accounts receivables, loans and interest receivables, contract assets and other receivables that are not accounted for at FVPL under HKFRS 9, to be recorded based on an expected credit loss ("**ECL**") model either on a twelve-month basis or a lifetime basis. While cash and cash equivalents and deposits are also subject to the impairment requirement of HKFRS 9, the ECL was immaterial.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2018

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Key Changes in Accounting Policies Resulting from Application of HKFRS 9 (continued)

Impairment (continued)

The Group applied the simplified approach and recorded lifetime expected losses (if any) that were estimated based on the present value of all cash shortfalls over the remaining life of all of its deposits and receivables. The Group performed a detailed analysis which considers all reasonable and supportable information, including historical experience and forward-looking elements, for estimation of expected credit losses on its accounts and other receivables.

The adoption of HKFRS 9 has had no significant impact on the impairment of the financial assets of the Group.

Hedge accounting

The requirements related to hedge accounting would better align the accounting treatments with risk management activities and enable entities to better reflect these activities in their financial statements. It relaxes the requirements for assessing hedge effectiveness which more risk management strategies may be eligible for hedge accounting. It also relaxes the rules on using non-derivative financial instruments as hedging instruments and allows greater flexibility on hedged items. Users of the financial statements will be provided with more relevant information about risk management and the effect of hedge accounting on the financial statements. The Group does not have any financial instruments related to hedge accounting throughout the period ended 30 September 2018 and year ended 31 March 2018.

4. ESTIMATES

The preparation of this unaudited condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this unaudited condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited consolidated financial statements of the Group as at and for the year ended 31 March 2018, except for the loss allowances for financial assets that are based on assumptions about risk of default and expected loss rates upon the initial adoption of HKFRS 9. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2018

5. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has three reportable operating segments as follows:

(a) the contract works segment engages in contract works as a main contractor or sub-contractor, primarily in respect of building construction and repair, maintenance, alteration and addition works;

(b) the property investment and development segment engages in investment in retail and commercial premises for their rental income potential and the development of properties for rental or for sale purpose; and

(c) the provision of finance segment engages in money lending business.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, share of profits and losses of joint ventures as well as head office and corporate expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Disaggregation of Revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Unaudited For the six months ended 30 September 2018				
	Contract works income	Interest income from provision of finance	Rental income	Income from sale of properties	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Timing of revenue recognition:					
Goods transferred at a point in time	-	-	-	285,000	285,000
Services transferred over time	1,333,224	9,761	42,621	-	1,385,606
Total revenue	1,333,224	9,761	42,621	285,000	1,670,606

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2018

5. SEGMENT INFORMATION (continued)

	Unaudited Six months ended 30 September											
	Provision of finance		**Contract works**		**Property investment and development**		**Total**		**Eliminations**		**Consolidated**	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:												
Sales to external customers	**-**	-	**1,333,224**	1,661,046	**327,621**	41,202	**1,660,845**	1,702,248	**-**	-	**1,660,845**	1,702,248
Interest income from loans receivable	**9,761**	8,715	**-**	-	**-**	-	**9,761**	8,715	**-**	-	**9,761**	8,715
Intersegment sales	**-**	-	**-**	-	**1,320**	1,320	**1,320**	1,320	**(1,320)**	(1,320)	**-**	-
Total	**9,761**	8,715	**1,333,224**	1,661,046	**328,941**	42,522	**1,671,926**	1,712,283	**(1,320)**	(1,320)	**1,670,606**	1,710,963
Segment results	**9,761**	8,715	**144,908**	128,594	**177,707**	38,322	**332,376**	175,631	**(1,229)**	(1,218)	**331,147**	174,413
Interest and unallocated income and gains											**9,373**	4,034
Unallocated expenses											**(102,294)**	(79,724)
Finance costs											**(16,054)**	(13,031)
Share of profits and losses of joint ventures	-	-	**-**	-	-	-	**-**	-	-	-	**-**	-
Profit before tax											**222,172**	85,692
Income tax expense											**(38,317)**	(14,644)
Profit for the period											**183,855**	71,048

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2018

6. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue, other income and gains is as follows:

	Unaudited Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
Revenue		
Contract works	**1,333,224**	1,661,046
Sales of properties	**285,000**	-
Gross rental income*	**42,621**	41,202
Interest income from loans receivable	**9,761**	8,715
	1,670,606	1,710,963
Other income and gains		
Interest income	**4,656**	3,888
Confiscated deposits and compensation income	**4,009**	-
Gain on disposal of items of property, plant and equipment	**162**	-
Sundry income	**546**	146
	9,373	4,034

* Gross rental income included contingent rents received under operating leases of HK$306,000 during this period (six months ended 30 September 2017: HK$181,000).

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Unaudited Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
Depreciation	**15,252**	5,144
Cost of properties sold	**146,573**	-
Employee benefits expenses (exclusive of directors' remuneration)	**100,132**	96,053
Directors' remuneration (*note*)	**60,335**	56,925

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2018

7. PROFIT BEFORE TAX (continued)

Note: The remuneration disclosed above excludes the estimated monetary value of residential accommodation provided to a Director of the Company. The estimated monetary value of such residential accommodation provided to the Director, not charged to profit or loss for this period, was approximately HK$958,000 (six months ended 30 September 2017: HK$906,000).

8. INCOME TAX

	Unaudited Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
Current - Hong Kong:		
Charge for the period	**40,168**	19,123
Overprovision in prior years	**-**	(18)
Deferred	**(1,851)**	(4,461)
Total tax charge for the period	**38,317**	14,644

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2017: 16.5%) on the estimated assessable profits arising in Hong Kong during this period.

9. DIVIDEND

During the six months ended 30 September 2018, the Company declared and paid a final dividend of HK$0.02 per share for the year ended 31 March 2018, amounting to a total of approximately HK$33,659,000 (six months ended 30 September 2017: HK$0.02 per share, a total of approximately HK$33,717,000).

The Directors has resolved not to declare the payment of an interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2018

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts for the six months ended 30 September 2017 and 30 September 2018 is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period.

The calculation of the diluted earnings per share amounts for the six months ended 30 September 2017 and 30 September 2018 is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the respective periods, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all the dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on the following data:

	Unaudited Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**164,294**	49,535

	Unaudited Number of shares Six months ended 30 September	
	2018	2017
Shares		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation	**1,682,966,400**	1,740,550,903
Effect of dilution - weighted average number of ordinary shares:		
Share options granted	**3,461,234**	5,663,454
Weighted average number of ordinary shares in issue during the period, used in the diluted earnings per share calculation	**1,686,427,634**	1,746,214,357

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2018

11. INVESTMENT PROPERTIES

The carrying amount of the Group's investment properties as of 31 March 2018 were stated based on the valuation conducted by Cushman & Wakefield Limited, an independent professionally qualified valuer, on market value, existing use basis. The Directors have estimated that the fair values of the investment properties as of 30 September 2018 did not vary significantly from the professional valuations as of 31 March 2018 or within this period. Accordingly, no fair value adjustment has been recognised in respect of the Group's investment properties for the six months ended 30 September 2018 (six months ended 30 September 2017: Nil).

12. ACCOUNTS RECEIVABLE

Accounts receivable consist of receivables for contract works and rentals under operating leases. The payment terms of receivables for contract works are stipulated in the relevant contracts. Rentals are normally receivable in advance.

At 31 March 2018, retentions receivable included in accounts receivable amounted to HK$203,219,000, which were repayable within terms ranging from one to four years.

At 30 September 2018, retentions receivable of HK$207,171,000, which are repayable within terms ranging from one to four years, have been classified in "Contract assets" upon adoption of HKFRS 15.

The Group assigned its financial benefits under certain contract works and rental arrangements to secure general banking facilities granted to the Group. As at 30 September 2018, the aggregate amount of accounts receivable related to such contract works and rental arrangements pledged to secure the relevant banking facilities amounted to HK$219,551,000 and HK$2,343,000 (31 March 2018: HK$220,143,000 and HK$2,689,000), respectively.

The following is an ageing analysis of the Group's accounts receivable presented based on the invoice date at the end of the reporting period:

	Unaudited 30 September 2018 ***HK$'000***	Audited 31 March 2018 *HK$'000*
Current to three months	**270,107**	329,494
Four to six months	**9**	5,473
Over six months	**8,224**	198,381
	278,340	533,348

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2018

12. ACCOUNTS RECEIVABLE (continued)

The ageing analysis of the accounts receivable that are not individually nor collectively considered to be impaired is as follows:

	Unaudited 30 September 2018	Audited 31 March 2018
	HK$'000	*HK$'000*
Past due but not impaired:		
One to three months past due	**589**	1,493
Four to six months past due	**7**	8,736
Seven to twelve months past due	**-**	270
Over one year past due	**8,085**	8,085
	8,681	18,584
Neither past due nor impaired	**269,659**	514,764
	278,340	533,348

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. Based on experience, the Directors are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. As at 30 September 2018, no expected credit loss (31 March 2018: Nil) was made against the gross amounts of accounts receivables.

Accounts receivable that are neither past due nor impaired relate to a number of independent customers for whom there was no recent history of default.

Accounts receivable that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Except for certain deposits received and/or bank guarantee amount covered from corresponding tenants, the Group did not hold any collateral or other credit enhancements over these balances.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2018

13. LOANS AND INTEREST RECEIVABLES

	Unaudited 30 September 2018	Audited 31 March 2018
	HK$'000	*HK$'000*
Secured	**106,225**	106,239
Unsecured	**51,901**	-
	158,126	106,239

As at 30 September 2018, the Group's loans receivable bear interest at rates ranging from approximately 4% to 30% per annum (31 March 2018: approximately 4% to 8% per annum) and are repayable within one year. The carrying amounts of these loans receivable approximate to their fair values.

An ageing analysis of the loans and interest receivables that are not individually nor collectively considered to be impaired as at the end of the reporting period, based on the payment due date, is as follows:

	Unaudited 30 September 2018	Audited 31 March 2018
	HK$'000	*HK$'000*
Neither past due nor impaired	**158,126**	106,239

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 September 2018, no expected credit loss (31 March 2018: Nil) was made against the gross amounts of loans and interest receivables. Receivables that were neither past due nor impaired relates to borrowers for whom there was no recent history of default.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2018

14. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable as at the end of the reporting period, based on the invoice date, is as follows:

	Unaudited 30 September 2018	Audited 31 March 2018
	HK$'000	*HK$'000*
Current to three months	**167,292**	193,985
Four to six months	**19,548**	20,916
Over six months	**245,695**	229,465
	432,535	444,366

At 30 September 2018, retentions payable included in accounts payable amounted to HK$28,276,000 (31 March 2018: HK$197,699,000), which are normally settled within terms ranging from one to four years.

Accounts payable are non-interest-bearing. The payment terms are stipulated in the relevant contracts.

15. SHARE CAPITAL

Shares

	Unaudited 30 September 2018	Audited 31 March 2018
	HK$'000	*HK$'000*
Authorised:		
4,000,000,000 (31 March 2018: 4,000,000,000) ordinary shares of HK$0.025 each	**100,000**	100,000
Issued and fully paid:		
1,682,966,400 (31 March 2018: 1,682,966,400) ordinary shares of HK$0.025 each	**42,074**	42,074

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2018

15. SHARE CAPITAL (continued)

Shares (continued)

A summary of the movements in the Company's issued ordinary share capital is as follows:

	Notes	Number of shares in issue	Issued capital *HK$'000*	Share premium account *HK$'000*	Total *HK$'000*
At 1 April 2017		1,761,664,400	44,042	342,430	386,472
Shares repurchased and cancelled	(a)	(78,878,000)	(1,972)	(89,269)	(91,241)
Share options exercised	(b)	180,000	4	90	94
Transferred from share option reserve	(c)	-	-	23	23
At 30 September 2017, 1 April 2018 and 30 September 2018		**1,682,966,400**	**42,074**	**253,274**	**295,348**

Notes:

(a) During the six months ended 30 September 2017, the Company repurchased a total of 78,878,000 ordinary shares of the Company at an aggregate consideration of approximately HK$91,241,000 (including direct expenses of approximately HK$466,000). All of these repurchased shares were cancelled during that period.

(b) During the six months ended 30 September 2017, the subscription rights attaching to 180,000 share options were exercised at the subscription prices of HK$0.526 per share, resulting in the issue of 180,000 ordinary shares of HK$0.025 each in the Company for a total cash consideration, before expenses, of approximately HK$94,000.

(c) An amount of approximately HK$23,000 was transferred from the "Share option reserve" account to the "Share premium account" upon the exercise of the share options during the six months ended 30 September 2017.

Share options

Details of the Company's share option schemes are included in note 16 to the unaudited condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2018

16. SHARE OPTION SCHEME

The 2011 Scheme

Pursuant to an ordinary resolution passed on 7 September 2011, the shareholders of the Company approved the termination of the existing share option scheme (the "**2002 Scheme**") and the adoption of a new share option scheme (the "**2011 Scheme**") (collectively, known as the "**Schemes**"). As a result, the Company can no longer grant any further options under the 2002 Scheme. However, all options granted prior to the termination of the 2002 Scheme will remain in full force and effect. Unless otherwise terminated or amended, the 2011 Scheme will remain in force for 10 years from the date of adoption.

The purpose of the 2011 Scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the 2011 Scheme include full-time employees, including any executive and non-executive directors of the Group. The 2011 Scheme became effective on 7 September 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the 2011 Scheme is an amount equivalent, upon their exercise, to 10% of the total number of shares of the Company in issue as at the date when the 2011 Scheme was approved by the shareholders of the Company in a general meeting. The maximum number of shares issuable under share options to each eligible participant in the 2011 Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to Directors, officer or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive Director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 14 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors and ends on a date which is not later than 10 years from the date of offer of the share options.

The exercise price of the share options is determinable by the Directors, but should not be less than the highest of (i) the closing price of the shares of the Company as stated in The Stock Exchange daily quotation sheet on the date of grant of the share options; (ii) the average closing price of the shares of the Company as stated in The Stock Exchange for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the shares of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2018

16. SHARE OPTION SCHEME (continued)

The 2011 Scheme (continued)

The following share options were outstanding under the 2011 Scheme during the period:

	Unaudited			
	Six months ended 30 September			
	2018		2017	
	Exercise price per share	**Number of share options**	Exercise price per share	Number of share options
	HK$	***'000***	*HK$*	*'000*
At beginning of the period	**0.526**	**10,200**	0.526	10,620
Granted during the period (Note)	**-**	**-**	-	-
Cancelled during the period	**-**	**-**	-	-
Exercised during the period	**-**	**-**	0.526	(180)
At end of the period	**0.526**	**10,200**	0.526	10,440

Note: On 1 September 2017, the Board approved the grant of total 9,760,000 share options under the 2011 Scheme to individual Directors (the "**Grantees**"), subject to their acceptance, at an exercise price of HK$1.15 per share (the "**Grant**"). However, as disclosed in the announcement of the Company dated 5 September 2017, the Grant, which had not been accepted by any of the Grantees, had been cancelled in its entirety with effect from 5 September 2017.

The exercise prices and exercise period of the share options outstanding as at the end of the reporting period are as follows:

At 30 September 2018:

Number of options	**Exercise price***	**Exercise period**
'000	***HK$ per share***	
10,200	**0.526**	**10 March 2016 to 9 September 2020**

At 31 March 2018:

Number of options	Exercise price*	Exercise period
'000	*HK$ per share*	
10,200	0.526	10 March 2016 to 9 September 2020

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2018

16. SHARE OPTION SCHEME (continued)

The 2011 Scheme (continued)

At 30 September 2018, the Company had 10,200,000 share options (31 March 2018: 10,200,000 share options) outstanding under the 2011 Scheme. The exercise in full of these outstanding share options would, under the present capital structure of the Company, result in the issue of 10,200,000 additional ordinary shares of the Company (31 March 2018: 10,200,000 shares), additional share capital of approximately HK$255,000 (31 March 2018: approximately HK$255,000) and share premium of approximately HK$5,110,000 (31 March 2018: approximately HK$5,110,000) (before issue expenses).

At the date of approval of this unaudited condensed consolidated interim financial information, the Company had 10,200,000 share options outstanding under the 2011 Scheme, exercise of which represented approximately 0.61% of the Company's shares in issue as at that date.

The Subsidiary Option Scheme

At the respective annual general meetings of Able Engineering Holdings Limited ("**Able Holdings**", an indirect non-wholly-owned subsidiary of the Company which shares are listed on the Main Board of The Stock Exchange, stock code: 1627) and the Company held on 31 August 2018, the adoption of a share option scheme by Able Holdings (the "**Subsidiary Option Scheme**") was considered and approved, which would be valid and effective for a period of 10 years commencing from the date of adoption. Under the Subsidiary Option Scheme, no more than 200,000,000 shares of Able Holdings shall be issued in total.

From the date of adoption of the Subsidiary Option Scheme and up to 30 September 2018, Able Holdings did not grant any share options under the Subsidiary Option Scheme and no equity-settled share option expense was charged to the profit or loss. For further details of the Subsidiary Option Scheme, please refer to the 2018/19 interim report of Able Holdings.

17. CONTINGENT LIABILITIES

(a) Guarantees

At 30 September 2018, the guarantees given by the Group to certain banks in respect of performance bonds in favour of certain contract works customers amounted to HK$179,443,000 (31 March 2018: HK$179,443,000).

(b) Claims

(i) *Personal injuries*

In the ordinary course of the Group's construction business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or the Group's sub-contractors in accidents arising out of and in the course of their employment. The Directors are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2018

17. CONTINGENT LIABILITIES (continued)

(b) Claims (continued)

(ii) *Sub-contractors' claims*

In the ordinary course of the Group's construction business, the Group has been subject to various claims from sub-contractors from time to time. Provision would be made for claims when the management assessed and can reasonably estimate the probable outcome of the claims. No provision would be made for claims when the claims cannot be reasonably estimated or management believes that the probability of loss is remote.

18. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	Unaudited 30 September 2018	Audited 31 March 2018
	HK$'000	*HK$'000*
Contracted, but not provided for, in respect of:		
Property, plant and equipment	**-**	556,740
Investment properties	**1,540**	1,960
Properties held for development	**2,842**	-
Properties under development	**56,718**	57,168
	61,100	615,868

19. RELATED PARTY TRANSACTIONS

(a) Related party transactions

In addition to the transactions and balances detailed elsewhere in this unaudited condensed consolidated interim financial information, the Group had the following transactions with related party during the reporting period:

	Unaudited Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
Rental income from Lanon Development Limited ("**Lanon Development**") (Note)	**1,116**	1,116

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2018

19. RELATED PARTY TRANSACTIONS (continued)

(a) Related party transactions (continued)

Note: Mr. NGAI Wing Yin, the son of Mr. NGAI Chun Hung, who is the chairman of the Board and a controlling shareholder of the Company, has a controlling interest in Lanon Development. The rental income was determined with reference to the rate of other similar premises and comparable transactions. The related party transaction in respect of this lease arrangement constitutes de minimis continuing connected transactions of the Company as defined in Chapter 14A of the Listing Rules.

(b) Compensation of key management personnel of the Group

	Unaudited Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
Short-term employee benefits	**71,038**	65,422
Post-employment benefits	**99**	99
Total compensation paid to key management personnel	**71,137**	65,521

20. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

(a) Financial risk management

The Group's financial risk management objectives and policies are the same as those disclosed in the Group's audited consolidated financial statements for the year ended 31 March 2018.

(b) Fair value measurement

Management has assessed that the fair values of cash and cash equivalents, accounts receivable, amounts due from joint ventures, loans and interest receivables, other receivables and deposits, accounts payable, other payables and accruals, amounts due to joint ventures and current portion of interest-bearing bank loans approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

21. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

This unaudited condensed consolidated interim financial information was approved and authorised for issue by the Board on 28 November 2018.

PERFORMANCE

Vantage International (Holdings) Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") are principally engaged in the contract works business, the property investment and development business and the provision of finance business in Hong Kong.

During the six months ended 30 September 2018 ("**this period**" or "**current period**"), the Group recorded a consolidated revenue of approximately HK$1,671 million, representing a decrease of 2% from approximately HK$1,711 million of the previous corresponding period. Profit for this period amounted to approximately HK$184 million (six months ended 30 September 2017: approximately HK$71 million). The increase in profit was mainly contributed from the sales recognized for property development business.

The basic earnings per share recorded an increase from HK2.85 cents for the six months ended 30 September 2017 to HK9.76 cents of this period.

DIVIDEND

At the Company's annual general meeting held on 31 August 2018, shareholders approved the payment of a final dividend of HK2 cents per share, which amounted to a total of approximately HK$33,659,000, for the year ended 31 March 2018. The dividend was paid on 21 September 2018.

The directors of the Company (the "**Directors**") have resolved not to declare the payment of an interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: Nil).

BUSINESS REVIEW

The Group's major business segments during this period comprised of (i) contract works business; (ii) property investment and development business; and (iii) the provision of finance business.

Contract Works

The Group currently carries on its contract works business through Able Engineering Holdings Limited ("**Able Holdings**", an indirect non-wholly-owned subsidiary of the Company which shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (The "**Stock Exchange**"); stock code: 1627) and its subsidiaries (collectively, the "**Able Group**").

The Group's contract works segment recorded a turnover of approximately HK$1,333 million for this period, representing a decrease of 20% from approximately HK$1,661 million for the six months ended 30 September 2017. The decrease in turnover was mainly resulted from the completion of a substantial building construction project in each of the six months period ended 30 September 2017 and 30 September 2018 while no new project was commenced in this period.

BUSINESS REVIEW (continued)

Contract Works (continued)

The gross profit margin of contract works segment increased from approximately 8% for the six months ended 30 September 2017 to approximately 11% for this period. The increase in gross profit margin for the current period was resulted from the combined impacts of the completion or approaching completion of certain substantial projects, the effectiveness of cost control in projects, the provision of shortfall between contract revenue and contract costs, and the recognition of approximately HK$94 million contract profits directly in equity upon the adoption of HKFRS 15.

Under HKAS 11 as adopted by the Group in prior years, revenue and costs of contract works business were recognised using the percentage-of-completion method and normally an even gross profit margin was maintained for an individual contract over the life of that contract. Upon the adoption of HKFRS 15, contract costs related to a satisfied performance obligation would be recognised in profit or loss immediately which would result in uneven gross profit margins in individual reporting periods over the life of each contract. As a result, the gross profit margins of the Group's contract works business will fluctuate over different reporting periods, depending on the actual revenue certified and costs incurred for the construction works performed, for an individual contract.

As of 30 September 2018, the estimated total contract values and estimated total outstanding values of the Group's substantial contracts on hand were approximately HK$4,549 million and HK$1,297 million, respectively. These contracts were all from the public sector and are expected to be completed in around one to two years.

The Group completed the following significant contracts regarding building construction works during the six months ended 30 September 2018:

- Construction of Public Housing Development at Tung Chung Area 39.

On the other hand, subsequent to the period ended 30 September 2018 and up to the date of approving this announcement, the Group secured the following 2 substantial contracts, which have an aggregate estimated contract values of approximately HK$3,157 million:

- Extension and Conversion to St. Paul's Primary Catholic School at Wong Nai Chung Road, Happy Valley; and

- Design and Construction of Redevelopment of Queen Mary Hospital, Phase 1-Main Works at Pok Fu Lam Road (Note).

Note: Project with a contract sum of HK$9,450 million has been awarded to Paul Y.–Able Joint Venture, an unincorporated body which 30% interest of this joint operation is attributable to the Group.

Property Investment and Development

Property investment

In this period, the Group recorded a gross rental income from leasing its properties of approximately HK$43 million, representing a 3% increase from approximately HK$41 million for the previous corresponding period. The increase in rental income was mainly contributed from the temporary leasing of certain properties at the newly acquired properties at Man Shung Industrial Building.

BUSINESS REVIEW (continued)

Property Investment and Development (continued)

Property development

According to the relevant accounting standard, the Group recognized revenue from the sale of completed properties of "Pokfulam Peak" of HK$285 million in this period (six months ended 30 September 2017: nil). Subsequent to the period ended 30 September 2018, the transaction regarding sale of certain properties of Pokfulam Peak for HK$271 million was cancelled. Pursuant to the terms of the agreements entered into between the Group and that customer, the Group is entitled to confiscate the deposits and certain amounts received or receivable from that customer regarding the cancellation.

Regarding the Group's proposed redevelopment at No. 1 & No. 1A Wood Road, Wanchai, Hong Kong (the "**Wood Road Property**"), the Group successfully bided for the acquisition of the Wood Road Property at a public auction held on 29 June 2018 under the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545) (the "**Wood Road Acquisition**"). The Wood Road Acquisition was completed in August 2018 and further details of the acquisition was set out in the Company's announcement dated 29 June 2018. As of 30 September 2018, the Group was in the progress of terminating the short-term tenancies of the Wood Road Property and planning for the redevelopment.

As of 30 September 2018, the Group had one residential project under development, i.e. the project at No. 28 Lugard Road, The Peak. In this period, the foundation works of this project was in progress.

In this period, the Group also commenced the marketing of the completed residential development project located at No. 9 Belfran Road, Kowloon ("**Belfran Peak**"). "Belfran Peak" is a 20-storey residential building, which contains six duplex apartments, a triplex apartment, car parking spaces and recreational facilities.

Provision of Finance

A wholly-owned subsidiary of the Group has been granted a licence under the "Money Lenders Ordinance" to carry on the provision of finance business in Hong Kong since September 2015. During this period, interest at rates ranging from approximately 4% to 30% per annum (six months ended 30 September 2017: approximately 4% to 41% per annum) were charged to borrowers and interest income of approximately HK$10 million was earned (six months ended 30 September 2017: approximately HK$9 million).

Other Income and Gains

Other income and gains increased from approximately HK$4 million for the six months ended 30 September 2017 to approximately HK$9 million for this period. The increase was mainly attributable to increase in interest income from fixed deposits and the compensation received or receivable for the extension of completion date for sale of properties in this period.

Selling and Marketing Expenses

Expenses incurred for the six months ended 30 September 2018 represented respective marketing related costs incurred for the launch of "Belfran Peak" project, including costs related to sales brochure, project website and advertising, etc..

BUSINESS REVIEW (continued)

Administrative Expenses

Administrative expenses increased from approximately HK$80 million for the six months ended 30 September 2017 to approximately HK$102 million for the six months ended 30 September 2018. The higher expenses recorded in this period was mainly attributable to the Group's investment in certain research and development projects, increase in depreciation and maintenance costs for newly acquired properties, and increase in staff costs and directors' remuneration.

Finance Costs

For the six months ended 30 September 2018, the Group recognised approximately HK$16 million finance costs as expenses (six months ended 30 September 2017: approximately HK$13 million) while the Group's total interest on bank loans before interest capitalisation to properties under development was approximately HK$18 million (six months ended 30 September 2017: approximately HK$14 million). The overall increase in finance costs was mainly attributable to the general increase in interest rates during this period.

Income Tax

Income tax increased from approximately HK$15 million for the six months ended 30 September 2017 to approximately HK$38 million for this period. The increase was in line with the increase in taxable profit for this period.

Profit Attributable to Owners of the Parent

As a result of the foregoing, the Group's profit earned for this period recorded an increase from approximately HK$50 million for the six months ended 30 September 2017 to approximately HK$164 million of current period.

FINANCIAL REVIEW

Capital Structure, Liquidity and Financial Resources

The capital of the Company only comprises ordinary shares. The Group's banking facilities, comprising primarily bank loans, overdrafts and performance bond, amounted to approximately HK$3,595 million as of 30 September 2018 (31 March 2018: approximately HK$3,202 million), of which approximately HK$2,049 million (31 March 2018: approximately HK$1,642 million) was unutilised. The Group monitors capital structure using a net gearing ratio, which is measured as total bank borrowings less cash and cash equivalents, divided by equity attributable to owners of the parent. As at 30 September 2018, the Group's net gearing ratio was 2.8% (31 March 2018: -2.9%).

The Group's cash and cash equivalents recorded a decrease by 15% from approximately HK$1,481 million as at 31 March 2018 to approximately HK$1,263 million as at 30 September 2018. In this period, the Group recognized significant net cash outflows in investing activities for the acquisition of Man Shung (as defined in this announcement) and certain land lots at Kam Tin, Yuen Long for the Group's own use. On the other hand, operating net cash inflows from both contract works business and property investment and development business remained strong in this period.

Current ratio of the Group stood at 1.29 as at 30 September 2018, while that as at 31 March 2018 was 1.48. Current ratio is measured as total current assets divided by total current liabilities.

FINANCIAL REVIEW (continued)

Capital Structure, Liquidity and Financial Resources (continued)

The Group maintains sufficient working capital resources to execute its contract works, property investment and development plans and provision of finance business. The Group has all along taken a prudent and cautious approach to cash application and capital commitments. Looking forward, due to the commencement of a substantial hospital project awarded to a joint operation in which a subsidiary of the Group is a joint operator, it is expected significant amount of cash would be consumed by the contract works business in the coming 12 months.

Interest and Foreign Exchange Exposure

The Group operates in Hong Kong that most of its transactions are denominated in Hong Kong dollars and some transactions are denominated in U.S. dollars. Since the exchange rate of U.S. dollars against Hong Kong dollars is relatively stable, the related currency exchange risk is considered minimal.

At 31 March 2018 and 30 September 2018, the Group's bank borrowings were all denominated in Hong Kong dollars and on a floating rate basis. The Group's bank accounts were operated with principal bankers in Hong Kong. The interest rates of these bank accounts are determined by reference to the respective banks' offer rate. For the six months ended 30 September 2017 and 30 September 2018, the Group did not engage in any interest rates and currency speculation activities.

Non-current Prepayments and Deposits

As at 31 March 2018, the Group recorded non-current prepayments and deposits of approximately HK$115 million, which represented prepayments and deposits of approximately HK$114 million paid for the acquisition of total 25/26 shares in Man Shung and deposits of approximately HK$1 million paid for the acquisition of certain land lots at Kam Tin, Yuen Long. Both acquisitions were completed in this period.

Accounts Receivable

As at 30 September 2018, approximately 99% (31 March 2018: approximately 99%) of the Group's accounts receivable represented the receivables of contract works business of the Able Group, among which, accounts receivable only included contract trade receivables in accordance with HKFRS 15, while that as of 31 March 2018 also combined retentions receivable in relation to completed and on-going contract works projects. Contract trade receivables represent progress billing of work performed by the Able Group and which the amounts have been verified by the progress payment certificates issued by and received from customers. The level of contract trade receivables is principally affected by work progress and the amount of the progress payment certificate received from customers before the end of the reporting period. Approximately 97% of the contract trade receivables as at 30 September 2018 were subsequently settled by 2 November 2018.

Prepayment, Deposits and Other Receivables

Both the Group's balances at 30 September 2018 and 31 March 2018 contained refundable security deposits of HK$45 million paid for the potential acquisition of RICHREAR INT'L (as defined in this announcement), prepaid insurance for contract works, bank interest receivable, deposits paid for building management services, wastage disposal, utilities, etc..

FINANCIAL REVIEW (continued)

Contract Assets

Balance at current period end mainly represented retention of accounts receivable and unbilled revenue, which were previously classified under "accounts receivable" before the adoption of HKFRS 15 on 1 April 2018.

Other Payables and Accruals

The Group's balances at 30 September 2018 mainly represented provision of shortfall between contract revenue and contract costs, staff costs payable, rental income received in advance and deposits received from tenants, etc.. Significant increase in balance in current period end was primarily resulted from increase in provision of contract costs.

Contract Liabilities

Balance at current period end mainly represented deposits and other receipt in advance in relation to the sale of properties at "Pokfulam Peak". Such balances were classified under "Other payables" before the adoption of HKFRS 15 on 1 April 2018.

Charges on Assets

At 30 September 2018, the following assets of the Group were pledged in favour of certain banks to secure the banking facilities granted by those banks to certain members of the Group:

- investment properties with an aggregate carrying amount of HK$2,039,688,000 (31 March 2018: HK$2,039,000,000) ;
- land and buildings with an aggregate carrying amount of HK$96,705,000 (31 March 2018: HK$85,354,000);
- properties held for development with an aggregate carrying amount of HK$67,949,000 (31 March 2018: HK$146,877,000);
- properties under development with an aggregate carrying amount of HK$421,577,000 (31 March 2018: HK$$419,033,000);
- properties held for sale with an aggregate carrying amount of HK$246,181,000 (31 March 2018: HK$246,053,000); and
- the assignment of the Group's financial benefits under certain contract works and rental arrangements with accounts receivable related to such contract works and rental arrangements amounting to HK$219,551,000 and HK$2,343,000 (31 March 2018: HK$220,143,000 and HK$2,689,000), respectively.

Contingent Liabilities

Details of the Group's contingent liabilities are set out in note 17 to the unaudited condensed consolidated interim financial information.

Capital Commitments

Details of the Group's capital commitments are set out in note 18 to the unaudited condensed consolidated interim financial information.

THE MAN SHUNG ACQUISITION

On 8 January 2018, Bright Wind Limited ("**Bright Wind**", an indirect wholly-owned subsidiary of Able Holdings) entered into nine provisional sale and purchase agreements with various independent third parties for the acquisition of certain properties (representing 21/26 equal and undivided shares) located at Man Shung Industrial Building ("**Man Shung**"), No. 7, Lai Yip Street, Kwun Tong, Kowloon at an aggregate consideration of HK$438.6 million (the "**First Round Man Shung Acquisition**").

In addition to the First Round Man Shung Acquisition, Bright Wind also entered into three provisional sale and purchase agreements with various independent third parties for the acquisition of certain remaining properties (representing 4/26 equal and undivided shares) located at Man Shung at an aggregate consideration of HK$180 million on 9 February 2018 (the "**Second Round Man Shung Acquisition**"); and entered into one provisional sale and purchase agreement with an independent third party for the acquisition of Portion B on 11th Floor of Man Shung (representing 1/26 equal and undivided) at a consideration of HK$30.3 million on 28 June 2018 (the "**Third Round Man Shung Acquisition**", together with the First Round Man Shung Acquisition and the Second Round Man Shung Acquisition, the "**Man Shung Acquisition**").

Completion of the First Round Man Shung Acquisition and the Second Round Man Shung Acquisition took place on 12 April 2018, while completion of the Third Round Man Shung Acquisition took place on 30 August 2018. After completion of the Man Shung Acquisition, the Group, through the Able Group, owns the entire Man Shung. The Man Shung Acquisition will provide a self-owned working space to the Able Group as office, project rooms, rooms for new BEAM and innovation and technology functions, technical workshop and training centre for its expansion.

The Man Shung Acquisition constituted a major transaction for each of the Company and Able Holdings under Chapter 14 of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange. For further details of the Man Shung Acquisition, please refer to the joint announcements of the Company and Able Holdings dated 8 January 2018, 9 February 2018, 12 April 2018 and 28 June 2018, and the circulars of the Company and Able Holdings, both dated 28 March 2018.

POSSIBLE RICHREAR ACQUISITION

As disclosed in the Company's announcement dated 8 January 2018, Profit Chain Investments Limited ("**Profit Chain**", a wholly-owned subsidiary of the Company) entered into a conditional share transfer agreement with an independent third party (the "**Vendor**") on 5 January 2018, pursuant to which, Profit Chain has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the entire equity interest of Richrear International Limited ("**RICHREAR INT'L**") at a consideration of HK$150 million (the "**Richrear Acquisition**").

RICHREAR INT'L is a limited company incorporated in the British Virgin Islands that its sole business is to hold the entire issued share capital of Richrear Plastic Material Limited ("**RICHREAR HK**", a limited liability company incorporated in Hong Kong) which has been engaged in the processing and trading of plastic materials, pigments and master batch and the holding of the SZ Properties (as defined below). At the same time, RICHREAR HK also owns the entire interests of 富亮塑膠原料(深圳)有限公司 ("**RICHREAR SZ**"), a company established in the PRC with limited liability and is principally engaged in the processing of plastic materials, pigments and master batch at the SZ Properties.

POSSIBLE RICHREAR ACQUISITION (continued)

The SZ Properties refers to a piece of industrial land of approximately 10,000 square metres with six 3-6 storey high buildings and fixtures erected thereon, including an office building, three plants and two staff dormitories located in the Hong Qiao Tou Industrial Estate, Song Gang Sub-district, Baoan District, Shenzhen, the PRC (No. 608 Song Gang Section, China National Highway 107).

Up to the approval date of this announcement, refundable deposits of HK$45 million in aggregate has been paid to the Vendor, albeit the Richrear Acquisition may or may not proceed. If proceed, it is expected that the Richrear Acquisition will constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Further announcement(s) in relation to the Richrear Acquisition will be made by the Company as and when appropriate in accordance with the Listing Rules.

LISTING OF ABLE HOLDINGS IN 2016/17

The Group disposed 25% interests of its contract works business through the separate listing (the "**Listing**") of Able Holdings on the Main Board of The Stock Exchange on 20 February 2017. After deducting the underwriting commission and other expenses in relation to the Listing, Able Holdings successfully raised a total net cash proceeds of approximately HK$524 million from the Listing and approximately HK$295 million of the net proceeds were unused as at 30 September 2018 (31 March 2018: approximately HK$386 million). The unused proceeds were deposited in licensed banks in Hong Kong.

Use of Proceeds from the Listing

According to the section "Future Plans and Proposed Use of Proceeds" as set out in the prospectus of Able Holdings dated 26 January 2017, the Able Group used the net proceeds in the six months ended 30 September 2018 as follows:

	Net proceeds from the Listing *HK$'Million*	Unused amount at 1 April 2018 *HK$'Million*	Used in this period *HK$'Million*	Unused amount at 30 September 2018 *HK$'Million*
Maintaining and increasing the employed capital requirement and working capital requirement for future/new projects in the public sector	402	354	(63)	291
Payment for the upfront costs	70	-	-	-
General working capital	52	32	(28)	4
Total	524	386	(91)	295

OUTLOOK

Regarding the property investment and development business, recent market data shows that after years of steady increases, Hong Kong property prices has come under pressure as interest rates rise and the local stock market slides. Property price indices published by Hong Kong's Rating and Valuation Department of the HKSAR Government indicated that the prices of used homes on average dropped slightly in August and September 2018. While the declines were slight, they signaled the market sentiment are weakening and potential buyers are adopting a wait and see approach. However, due to solid economic fundamentals, strong holding power of home owner and continuous land shortage in Hong Kong, unless the macroeconomic environment deteriorates unexpectedly, the Directors consider a martial correction of property price is not likely in the near future. The Group will keep a close look on the market and be flexible to adjust its property sales strategy and replenish its property development projects.

Regarding the contract works business, competition is expected to remain keen due to the growing number of market players. The Directors believe that our Able Group has accumulated ample experience and know-how to be competitive in tendering new projects. Due to the change of accounting policies in sales and costs recognition upon the adoption of HKFRS 15, the Directors expected that the Group's gross profit margin from this business will become more volatile when compared with that of prior years, albeit the overall profit that can be recognized for a project will not be affected by HKFRS 15. The swing of gross profit margin among different periods will be more severe if the stage of development of different project is more concentrated or when contract scale departs. As the Group has recognized approximately HK$94 million net profit of the contract works business directly in equity upon adoption of HKFRS 15 and a substantial project of a joint operation has been commenced in November 2018 that significant amount of upfront costs will be incurred, it is expected that loss may be recorded in the second half year of 2018/19 and the yearly gross profit margin of this business will be dropped much from that of the interim period for this business under the new accounting standard.

Looking forward, to enhance shareholders' return, the Group will continuously keep a close eye on the market and seek new investment and development opportunities. The Group may also co-operate with different independent partners in tendering projects and expand its business.

EMPLOYEES AND REMUNERATION POLICY

As of 30 September 2018, the Group employed 382 full-time employees (31 March 2018: 404) in Hong Kong. The Group remunerates its employees based on their performance and work experience and with reference to the prevailing market conditions. On top of the regular remuneration, discretionary bonus and share options may be granted to senior management and staff members by reference to the Group's performance, specific project's performance as well as the individual employee's performance. Staff benefits include mandatory provident fund, medical insurance, incentive travel, subsidies for education and training programmes, etc..

EMPLOYEES AND REMUNERATION POLICY (continued)

At the annual general meeting of the Company held on 7 September 2011, the Company adopted a new share option scheme (the "**2011 Scheme**") in replacement of its share option scheme which was adopted on 5 August 2002. The purposes of the 2011 Scheme are to provide incentives for the Group's employees and executives, to recognise their contributions to the Group's growth and to provide more flexibility for the Group in formulating its remuneration policy. During the six months ended 30 September 2018, the Company did not grant any share options under the 2011 Scheme to the Group's employees (including Directors). As at 30 September 2018, the Company had 10,200,000 share options (31 March 2018: 10,200,000 share options) outstanding under the 2011 Scheme.

At the respective annual general meetings of Able Holdings and the Company held on 31 August 2018, the adoption of a share option scheme by Able Holdings (the "**Subsidiary Option Scheme**") was considered and approved. The purposes of the Subsidiary Option Scheme are to provide incentives for the directors and employees of the members of the Group to work towards enhancing the value of Able Holdings and its shares for the benefit of Able Holdings and its shareholders as a whole. The Subsidiary Option Scheme provides Able Holdings with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to participants of the scheme. From the date of adoption of the Subsidiary Option Scheme and up to 30 September 2018, Able Holdings did not grant any share options under the Subsidiary Option Scheme and no equity-settled share option expense was charged to the profit or loss.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company complied with the code provisions as set out in the "*Corporate Governance Code*" contained in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2018.

SECURITIES TRANSACTIONS OF DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. Following specific enquiry made by the Company, all Directors have confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 September 2018.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2018.

REVIEW BY AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors of the Company, Mr. FUNG Pui Cheung, Eugene (Chairman), Prof. KO Jan Ming and The Hon. IP Kwok Him, *GBM*, *GBS*, *JP*, with written terms of reference in accordance with the requirements of the Listing Rules, and reports to the Board. Mr. FUNG Pui Cheung, Eugene is a certified public accountant and possesses the appropriate accounting qualifications and experiences in financial matters. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed financial reporting, risk management and internal control matters. The Audit Committee has also reviewed the unaudited condensed consolidated interim financial information for the six months ended 30 September 2018.

PUBLICATION OF RESULTS ANNOUNCEMENT AND DESPATCH OF INTERIM REPORT

The interim results announcement is published on the websites of The Stock Exchange at (www.hkexnews.hk) and the Company at (www.capitalfp.com.hk/eng/index.jsp?co=15). The 2018/19 interim report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and available on the above websites in due course.

APPRECIATION

On behalf of the Directors, I would like to express our gratitude and sincere appreciation to all management and staff members of the Group for their hard work and dedication, and all shareholders of the Company for their support.

By Order of the Board
VANTAGE INTERNATIONAL (HOLDINGS) LIMITED
NGAI Chun Hung
Chairman

Hong Kong, 28 November 2018

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors
Mr. NGAI Chun Hung
Mr. YAU Kwok Fai
Ms. LAU Tsz Kwan, Jone

Independent Non-executive Directors
Prof. KO Jan Ming
The Hon. IP Kwok Him, *GBM*, *GBS*, *JP*
Mr. FUNG Pui Cheung, Eugene

Non-executive Director
Dr. LEE Man Piu, Albert