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 2019

The board of directors of Vantage International (Holdings) Limited (the "**Company**") presents the unaudited condensed consolidated interim financial information of the Company and its subsidiaries for the six months ended 30 September 2019 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 Audit Committee of the Company.

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

Six months ended 30 September 2019

		Unaudited Six months ended 30 September	
	Notes	**2019**	2018
		HK$'000	*HK$'000*
REVENUE			
Revenue from contracts with customers	*5*	**644,367**	1,618,224
Interest income from loans receivable	*5*	**7,097**	9,761
Revenue from other sources	*5*	**41,227**	42,621
		692,691	1,670,606
Contract works costs		**(499,054)**	(1,186,336)
Property costs		**(3,832)**	(150,676)
Gross profit		**189,805**	333,594
Other income and gains, net	*5*	**10,753**	9,373
Selling and marketing expenses		**-**	(467)
Administrative expenses		**(167,540)**	(102,294)
Finance costs		**(22,890)**	(16,054)
Share of profits and losses of joint ventures		**2,902**	-
PROFIT BEFORE TAX	*6*	**13,030**	224,152
Income tax expense	*7*	**(6,850)**	(38,644)
PROFIT FOR THE PERIOD		**6,180**	185,508

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

Six months ended 30 September 2019

	Note	Unaudited Six months ended 30 September 2019 HK$'000	2018 HK$'000
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive loss of joint ventures		**(2,263)**	-
OTHER COMPREHENSIVE LOSS FOR THE PERIOD		**(2,263)**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**3,917**	185,508
Profit/(loss) for the period attributable to:			
Owners of the parent		**(13,709)**	165,534
Non-controlling interests		**19,889**	19,974
		6,180	185,508
Total comprehensive income/(loss) for the period attributable to:			
Owners of the parent		**(15,406)**	165,534
Non-controlling interests		**19,323**	19,974
		3,917	185,508
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
(HK cents)	9		
Basic – for profit/(loss) of the period		**(0.81)**	9.84
Diluted – for profit/(loss) of the period		**(0.81)**	9.82

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2019

	Notes	**Unaudited 30 September 2019** ***HK$'000***	Audited 31 March 2019 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,160,721**	1,160,495
Properties held for development		**74,362**	74,362
Investment properties	*10*	**2,329,260**	2,138,000
Investments in joint ventures		**105,601**	104,962
Deferred tax assets		**14,987**	5,867
Total non-current assets		**3,684,931**	3,483,686
CURRENT ASSETS			
Properties under development		**827,036**	808,215
Properties held for sale		**246,181**	246,181
Accounts receivable	*11*	**162,781**	110,382
Contract assets		**214,953**	220,160
Loans and interest receivables	*12*	**304,259**	389,400
Prepayments, other receivables and other assets		**139,681**	147,294
Amounts due from joint ventures		**126**	114
Tax recoverable		**723**	1,185
Pledged deposits		**110,000**	-
Cash and cash equivalents		**796,225**	1,552,123
Total current assets		**2,801,965**	3,475,054
CURRENT LIABILITIES			
Accounts payable	*13*	**343,480**	343,915
Tax payable		**37,976**	15,664
Other payables and accruals		**300,692**	481,921
Amounts due to joint ventures		**801**	801
Interest-bearing bank loans		**1,310,736**	1,570,963
Total current liabilities		**1,993,685**	2,413,264
NET CURRENT ASSETS		**808,280**	1,061,790
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,493,211**	4,545,476

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2019

	Note	**Unaudited 30 September 2019 *HK$'000***	Audited 31 March 2019 *HK$'000*
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**5,457**	11,798
Lease liabilities		**3,727**	-
Total non-current liabilities		**9,184**	11,798
Net assets		**4,484,027**	4,533,678
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*14*	**42,079**	42,074
Reserves		**4,114,466**	4,163,445
		4,156,545	4,205,519
Non-controlling interests		**327,482**	328,159
Total equity		**4,484,027**	4,533,678

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2019

	Unaudited										
	Attributable to owners of the parent										
	Issued capital *HK$'000*	Share premium account *HK$'000*	Capital reserve *HK$'000*	Contributed surplus *HK$'000*	Share option reserve *HK$'000*	Property revaluation reserve *HK$'000*	Other reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 April 2019	**42,074**	**253,274**	**299,969**	**11,421**	**1,299**	**204,197**	**1,324**	**3,391,961**	**4,205,519**	**328,159**	**4,533,678**
Profit/(loss) for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(13,709)**	**(13,709)**	**19,889**	**6,180**
Other comprehensive loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(1,697)**	**-**	**(1,697)**	**(566)**	**(2,263)**
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(1,697)**	**(13,709)**	**(15,406)**	**19,323**	**3,917**
2018/19 final dividends (*note 8*)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(33,663)**	**(33,663)**	**-**	**(33,663)**
Dividends paid to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(20,000)**	**(20,000)**
Issue of shares	**5**	**114**	**-**	**-**	**(24)**	**-**	**-**	**-**	**95**	**-**	**95**
At 30 September 2019	**42,079**	**253,388***	**299,969***	**11,421***	**1,275***	**204,197***	**(373)***	**3,344,589***	**4,156,545**	**327,482**	**4,484,027**

* These reserve accounts comprise the consolidated reserves of HK$4,114,466,000 (31 March 2019: HK$4,163,445,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2019

	Unaudited										
	Attributable to owners of the parent										
	Issued capital *HK$'000*	Share premium account *HK$'000*	Capital reserve *HK$'000*	Contributed surplus *HK$'000*	Share option reserve *HK$'000*	Property revaluation reserve *HK$'000*	Other reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *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
Effect of adoption of HKFRS 15	-	-	-	-	-	-	-	69,220	69,220	23,073	92,293
Restated balance as at 1 April 2018 (audited)	42,074	253,274	299,969	11,421	1,314	204,197	-	2,721,085	3,533,334	317,359	3,850,693
Total comprehensive income for the period	-	-	-	-	-	-	-	165,534	165,534	19,974	185,508
2017/18 final dividends (*note 8*)	-	-	-	-	-	-	-	(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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 September 2019

	Notes	Unaudited Six months ended 30 September 2019 HK$'000	2018 HK$'000
Net cash flows from/(used in) operating activities		**(129,028)**	465,293
Cash flows from investing activities			
Additions of items of property, plant and equipment		**(9,418)**	(610,537)
Additions of investment properties		**(191,400)**	(688)
Proceeds from disposal of items of property, plant and equipment		**70**	162
Increase in pledged time deposits		**(110,000)**	-
Net cash flows used in investing activities		**(310,748)**	(611,063)
Cash flows from financing activities			
Dividends paid	8	**(33,663)**	(33,659)
Dividends paid to non-controlling shareholders of subsidiaries		**(20,000)**	(25,000)
Principal portion of lease payments		**(2,327)**	-
New bank loans		**292,499**	120,315
Repayment of bank loans		**(552,726)**	(133,768)
Proceeds from issue of shares	14	**95**	-
Net cash flows used in financing activities		**(316,122)**	(72,112)
Net decrease in cash and cash equivalents		**(755,898)**	(217,882)
Cash and cash equivalents at beginning of period		**1,552,123**	1,480,671
Cash and cash equivalents at end of period		**796,225**	1,262,789
Analysis of balances of cash and cash equivalents:			
Cash and bank balances		**326,225**	642,789
Non-pledged time deposits		**470,000**	620,000
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows		**796,225**	1,262,789

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2019

1. CORPORATE AND GROUP 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.

During the period, the Company and its subsidiaries (collectively, referred to as the "**Group**") were engaged in the following principal activities:

- a wide range of construction, maintenance and other contract works in public and private sectors in Hong Kong
- property investment and development
- provision of finance

There were no significant changes in the nature of the Group's principal activities during the six months ended 30 September 2019 ("**the/this period**"). In the opinion of the board ("**Board**") of 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 (the "**BVI**").

2. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the six months ended 30 September 2019 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 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all HKFRSs, 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 to 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2019

2. BASIS OF PREPARATION (continued)

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 2019. This condensed consolidated interim financial information has not been audited or reviewed by the Company's external auditor, but has been reviewed by the Audit Committee of the Company.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 "*Leases*", Amendments to HKAS 28 "*Long-term Interests in Associates and Joint Ventures*" and HK(IFRIC)-Int 23 "*Uncertainty over Income Tax Treatments*", other amendments 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.

The nature and the impact of the new and revised HKFRSs are described below:

HKFRS 16 "*Leases*"

HKFRS 16 replaces HKAS 17 "*Leases*", HK(IFRIC)-Int 4 "*Determining whether an Arrangement contains a Lease*", HK(SIC)-Int 15 "*Operating Leases - Incentives*" and HK(SIC)-Int 27 "*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*". The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2019

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

HKFRS 16 "*Leases*" (continued)

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption (if any) as an adjustment to the opening balance of retained earnings at 1 April 2019, and the comparative information for prior year/corresponding period of prior year was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, a lease shall allocate the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components as a single lease component.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for certain land, buildings and machinery. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., laptop computers and telephones); and (ii) leases that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2019

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

HKFRS 16 "*Leases*" (continued)

As a lessee – Leases previously classified as operating leases (continued)
Impacts on transition
Lease liabilities (if any) were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 April 2019. All these assets were assessed for any impairment based on HKAS 36 on that date and included in "Property, plant and equipment".

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in "Investment properties" and measured at fair value, the Group has continued to include them as "Investment properties" at 1 April 2019. They continue to be measured at fair value applying HKAS 40.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 April 2019:

- applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application;
- used hindsight in determining the lease term where the contract contains options to extend/terminate the lease;
- applied a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- excluded initial direct costs from the measurement of the right-of-use assets at the date of initial application.

As the Group elected to classify the right-of-use assets under "Properties, plant and equipment" in the consolidated statement of financial position, there is no significant impact arising from the adoption of HKFRS 16 as at 1 April 2019.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2019

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

HKFRS 16 "*Leases*" (continued)

As a lessee – Leases previously classified as operating leases (continued)

Impacts on transition (continued)

The Group's lease liabilities as at 1 April 2019 reconciled to its operating lease commitments as at 31 March 2019 is as follows:

	Unaudited *HK$'000*
Operating lease commitments as at 31 March 2019	402
Weighted average incremental borrowing rate as at 1 April 2019	3.4%
Discounted operating lease commitments as at 1 April 2019	397
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 March 2020	(397)
Lease liabilities as at 1 April 2019	-

Summary of new accounting policies

The accounting policy for leases as disclosed in the audited consolidated financial statements for the year ended 31 March 2019 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 April 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. When a right-of-use asset meets the definition of "Investment property", it is included in "Investment properties". The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "Investment properties".

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The variable lease payments (if any) that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2019

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

HKFRS 16 "*Leases*" (continued)

Summary of new accounting policies (continued)
Lease liabilities (continued)
In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

The current portion of lease liabilities were included in "Other payables and accruals" whereas the non-current portion of lease liabilities were separately disclosed in the consolidated statement of financial position.

Amounts recognised in the unaudited interim consolidated statement of financial position and profit or loss
The carrying amounts of the Group's right-of-use assets (included within "Property, plant and equipment") and lease liabilities, and the movement during the period are as follow:

	Right-of-use assets				
	Leasehold land	Leasehold buildings	Machinery	Total	Lease liabilities
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2019	1,090,768	-	-	1,090,768	-
Additions	-	2,732	6,027	8,759	8,759
Depreciation charge	(15,232)	(647)	(670)	(16,549)	-
Interest expense	-	-	-	-	92
Payments	-	-	-	-	(2,327)
At 30 September 2019	1,075,536	2,085	5,357	1,082,978	6,524

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2019

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Amendments to HKAS 28 "*Long-term Interests in Associates and Joint Ventures*"

Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The amendments did not have any significant impact on the Group's unaudited condensed consolidated interim financial information.

HK(IFRIC)-Int 23 "*Uncertainty over Income Tax Treatments*"

HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The Group adopted the interpretation from 1 April 2019 retrospectively. The interpretation did not have any significant impact on the Group's unaudited condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2019

4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their 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 bank 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.

The Group's revenue from external customers was derived solely from its operations in Hong Kong and the non-current assets of the Group were substantially located in Hong Kong.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2019

4. SEGMENT INFORMATION (continued)

	Unaudited Six months ended 30 September											
	Provision of finance		**Contract works**		**Property investment and development**		**Total**		**Eliminations**		**Consolidated**	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	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	**-**	-	**644,367**	1,333,224	**41,227**	327,621	**685,594**	1,660,845	**-**	-	**685,594**	1,660,845
Interest income from loans receivable	**7,097**	9,761	**-**	-	**-**	-	**7,097**	9,761	**-**	-	**7,097**	9,761
Intersegment sales	**-**	-	**-**	-	**1,376**	1,320	**1,376**	1,320	**(1,376)**	(1,320)	**-**	-
Total	**7,097**	9,761	**644,367**	1,333,224	**42,603**	328,941	**694,067**	1,671,926	**(1,376)**	(1,320)	**692,691**	1,670,606
Segment results	**7,097**	9,761	**145,383**	146,888	**38,669**	177,707	**191,149**	334,356	**(1,274)**	(1,229)	**189,875**	333,127
Interest and unallocated income and gains											**10,683**	9,373
Unallocated expenses											**(167,540)**	(102,294)
Finance costs											**(22,890)**	(16,054)
Share of profits and losses of joint ventures	-	-	**2,902**	-	-	-	**2,902**	-	-	-	**2,902**	-
Profit before tax											**13,030**	224,152
Income tax expense											**(6,850)**	(38,644)
Profit for the period											**6,180**	185,508

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2019

5. REVENUE, OTHER INCOME AND GAINS, NET

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

	Unaudited Six months ended 30 September 2019 *HK$'000*	2018 *HK$'000*
Revenue from contracts with customers		
Contract works	**644,367**	1,333,224
Sale of properties	**-**	285,000
Interest income		
Interest income from loans receivable	**7,097**	9,761
Revenue from other sources		
Gross rental income*	**41,227**	42,621
	692,691	1,670,606
Other income and gains, net		
Interest income	**10,312**	4,656
Confiscated deposits and compensation income	**-**	4,009
Gain on disposal of items of property, plant and equipment	**70**	162
Sundry income	**371**	546
	10,753	9,373

* Gross rental income included contingent rents received under operating leases of HK$84,000 during this period (six months ended 30 September 2018: HK$306,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2019

5. REVENUE, OTHER INCOME AND GAINS, NET (continued)

Revenue from contracts with customers

Disaggregated revenue information

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

	Unaudited Six months ended 30 September 2019		
	Contract works	**Property investment and development**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Type of goods or services			
Contract works	**644,367**	**-**	**644,367**
Total revenue from contracts with customers	**644,367**	**-**	**644,367**
Timing of revenue recognition			
Services transferred over time	**644,367**	**-**	**644,367**
Total revenue from contracts with customers	**644,367**	**-**	**644,367**

	Unaudited Six months ended 30 September 2018		
	Contract works	Property investment and development	Total
	HK$'000	*HK$'000*	*HK$'000*
Type of goods or services			
Contract works	1,333,224	-	1,333,224
Sale of properties	-	285,000	285,000
Total revenue from contracts with customers	1,333,224	285,000	1,618,224
Timing of revenue recognition			
Goods transferred at a point in time	-	285,000	285,000
Services transferred over time	1,333,224	-	1,333,224
Total revenue from contracts with customers	1,333,224	285,000	1,618,224

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2019

6. PROFIT BEFORE TAX

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

	Unaudited Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment – right-of-use assets	**16,549**	-
Depreciation of property, plant and equipment – other assets	**1,402**	15,252
Contract works costs	**499,054**	1,186,336
Cost of properties sold	**-**	146,573
Employee benefits expenses (exclusive of directors' remuneration)	**92,290**	100,132
Directors' remuneration (*note*)	**115,874**	60,335

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 2018: HK$958,000).

7. INCOME TAX

	Unaudited Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
Current - Hong Kong:		
Charge for the period	**22,311**	40,495
Deferred	**(15,461)**	(1,851)
Total tax charge for the period	**6,850**	38,644

Pursuant to the rules and regulations of Bermuda, the Cayman Islands and the BVI, the Group is not subject to any income tax in Bermuda, the Cayman Islands and the BVI. Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2019

8. DIVIDEND

During the six months ended 30 September 2019, the Company declared and paid a final dividend of HK$0.02 per share for the year ended 31 March 2019, amounting to a total of approximately HK$33,663,000 (six months ended 30 September 2018: HK$0.02 per share, a total of approximately HK$33,659,000).

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: nil).

9. EARNINGS/LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/loss per share amount is based on the profit/loss 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/loss per share amount is based on the profit/loss 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 period, as used in the basic earnings/loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all the potentially dilutive share options into ordinary shares.

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

	Unaudited Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
Earnings/Loss		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation	**(13,709)**	165,534

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2019

9. EARNINGS/LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

The calculations of basic and diluted earnings/loss per share are based on the following data: (continued)

	Unaudited Number of shares Six months ended 30 September	
	2019	2018
Shares		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings/loss per share calculation	**1,683,047,056**	1,682,966,400
Effect of dilution - weighted average number of ordinary shares:		
Share options	**2,749,798**	3,461,234
Weighted average number of ordinary shares in issue during the period, used in the diluted earnings/loss per share calculation	**1,685,796,854**	1,686,427,634

10. INVESTMENT PROPERTIES

The carrying amount of the Group’s investment properties as of 31 March 2019 were stated based on the valuation conducted by Cushman & Wakefield Limited, an independent professionally qualified valuer, on market value and using the existing use basis. The Board has estimated that the fair values of the investment properties as of 30 September 2019 did not vary significantly from the professional valuation as of 31 March 2019 and the cost incurred for acquisition took place during the period. Accordingly, no fair value adjustment has been recognised in respect of the Group’s investment properties for the six months ended 30 September 2019 (six months ended 30 September 2018: nil).

11. ACCOUNTS RECEIVABLE

Accounts receivable consists 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.

The Group assigned its financial benefits under certain contract works and rental arrangements to secure certain general banking facilities granted to the Group. As at 30 September 2019, the aggregate amounts of accounts receivable related to such contract works and rental arrangements pledged to secure the relevant banking facilities were HK$39,693,000 (31 March 2019: HK$21,963,000) and HK$1,232,000 (31 March 2019: HK$92,000), respectively.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2019

11. ACCOUNTS RECEIVABLE (continued)

An ageing analysis of the Group's accounts receivable as at the end of the reporting period, based on the invoice date and net of loss allowance (if any), is as follows:

	Unaudited 30 September 2019 *HK$'000*	Audited 31 March 2019 *HK$'000*
Current to three months	**154,556**	102,083
Four to six months	**-**	65
Over six months	**8,225**	8,234
	162,781	110,382

12. LOANS AND INTEREST RECEIVABLES

	Unaudited 30 September 2019 *HK$'000*	Audited 31 March 2019 *HK$'000*
Secured	**295,053**	324,299
Unsecured	**9,206**	65,101
	304,259	389,400
Less: Impairment allowance	**-**	-
	304,259	389,400

As at 30 September 2019, the Group's loans receivable bore interest at rates ranging from approximately 2% to 17% per annum (31 March 2019: approximately 2% to 30% per annum) and were repayable within one to two years (31 March 2019: within one year). The carrying amounts of these loans receivable approximate to their fair values.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2019

13. ACCOUNTS PAYABLE

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

	Unaudited 30 September 2019 ***HK$'000***	Audited 31 March 2019 *HK$'000*
Current to three months	**159,383**	134,978
Four to six months	**14,168**	6,386
Over six months	**169,929**	202,551
	343,480	343,915

At 30 September 2019, retention payables included in accounts payable amounted to HK$154,466,000 (31 March 2019: HK$174,863,000), 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.

14. SHARE CAPITAL

Shares

	Unaudited 30 September 2019 ***HK$'000***	Audited 31 March 2019 *HK$'000*
Authorised:		
4,000,000,000 (31 March 2019: 4,000,000,000) ordinary shares of HK$0.025 each	**100,000**	100,000
Issued and fully paid:		
1,683,146,400 (31 March 2019: 1,682,966,400) ordinary shares of HK$0.025 each	**42,079**	42,074

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2019

14. 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 2018, 31 March 2019 and 1 April 2019		1,682,966,400	42,074	253,274	295,348
Share options exercised	*(a)*	180,000	5	90	95
Transferred from share option reserve	*(b)*	-	-	24	24
At 30 September 2019		**1,683,146,400**	**42,079**	**253,388**	**295,467**

Notes:

(a) During the six months ended 30 September 2019, 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 for a total cash consideration, before expenses, of approximately HK$95,000.

(b) An amount of approximately HK$24,000 was transferred from the "Share option reserve" to the "Share premium account" upon the exercise of the share options during the six months ended 30 September 2019.

Share options

Details of the Company's share option schemes are included in note 15 to the unaudited condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2019

15. SHARE OPTION SCHEME

The Company's Share Option Scheme

Pursuant to an ordinary resolution passed on 7 September 2011, the shareholders of the Company approved the termination of the then 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. 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 Group. Eligible participants of the 2011 Scheme include employees (including any directors), adviser or consultant, distributors, suppliers, strategic partners, licensors, agents, customers, joint venture partners, service providers to or of any member of the Group.

The maximum number of share options 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 of the Company. 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$5,000,000, 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 Board 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 Board, 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 2019

15. SHARE OPTION SCHEME (continued)

The Company's Share Option Scheme (continued)

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

	Unaudited Six months ended 30 September 2019		2018	
	Exercise price per share *HK$*	**Number of share options** *'000*	Exercise price per share *HK$*	Number of share options *'000*
At beginning of the period	**0.526**	**10,080**	0.526	10,200
Exercised during the period	**0.526**	**(180)**	-	-
At end of the period	**0.526**	**9,900**	0.526	10,200

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 2019:

Number of options *'000*	**Exercise price*** *HK$ per share*	**Exercise period**
9,900	**0.526**	**10 March 2016 to 9 September 2020**

At 31 March 2019:

Number of options *'000*	Exercise price* *HK$ per share*	Exercise period
10,080	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.

At the end of the reporting period, the Company had 9,900,000 outstanding share options (31 March 2019: 10,080,000) under the 2011 Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 9,900,000 additional ordinary shares of the Company, and additional share capital of approximately HK$248,000 (31 March 2019: approximately HK$252,000) and share premium of approximately HK$4,959,000 (31 March 2019: approximately HK$5,050,000) (before issue expenses).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2019

15. SHARE OPTION SCHEME (continued)

The Company's Share Option Scheme (continued)

At the date of approval of this unaudited condensed consolidated interim financial information, the Company had 9,900,000 share options outstanding under the 2011 Scheme, which represented approximately 0.59% of the Company's shares in issue as at that date.

The Subsidiary's Share Option Scheme

At the respective annual general meetings of the Company and 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) 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 the date of approval of this unaudited condensed consolidated interim financial information, Able Holdings did not grant any share options under the Subsidiary Option Scheme and no equity-settled share option expense was charged to its profit or loss. For further details of the Subsidiary Option Scheme, please refer to the 2019/20 interim report of Able Holdings.

16. CONTINGENT LIABILITIES

(a) Guarantees

At 30 September 2019, the guarantees given by the Group to certain banks in respect of performance bonds in favour of certain contract works customers amounted to HK$269,676,000 (31 March 2019: HK$278,485,000).

(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 Board is 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.

(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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2019

17. CAPITAL COMMITMENTS

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

	Unaudited 30 September 2019	Audited 31 March 2019
	HK$'000	*HK$'000*
Contracted, but not provided for, in respect of:		
Property, plant and equipment	**9,240**	-
Investment properties	**10,685**	11,290
Properties under development	**50,282**	47,775
Acquisition of subsidiaries	**105,000**	105,000
	175,207	164,065

18. RELATED PARTY TRANSACTIONS

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

	Unaudited Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
Rental income from Lanon Development Limited ("**Lanon Development**") (*note*)	**1,190**	1,116

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 (excluding the Directors) of the Group:

	Unaudited Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
Short-term employee benefits	**10,683**	10,726
Post-employment benefits	**54**	54
Total compensation paid to key management personnel	**10,737**	10,780

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Six months ended 30 September 2019

19. 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 2019.

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, accounts receivable, contract assets, loans and interest receivables, financial assets included in prepayments, other receivables and other assets, amounts due from joint ventures, accounts payable, financial liabilities included in other payables and accruals, amounts due to joint ventures, interest-bearing bank loans and lease liabilities 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. EVENT AFTER THE REPORTING PERIOD

On 16 April 2019, an indirectly wholly-owned subsidiary of the Company in its ordinary course of business as lender (the "**Lender**") and an independent third party as borrower (the "**Borrower**") entered into a loan agreement, pursuant to which the Lender granted a loan of HK$120 million (the "**Loan**") to the Borrower. As disclosed in the Company's announcement dated 16 April 2019, the repayment of the Loan and respective interest and costs was secured by certain securities document (collectively and any of which, the "**Secured Assets**").

As the Borrower failed to repay the Loan and accrued interest according to an early repayment notice issued by the Lender during this period, the Lender exercised its right to dispose the Secured Assets to recover the amount due to it. Accordingly, up to 30 September 2019, the Lender recovered approximately HK$70 million of the outstanding loan and interest from disposal of the Secured Assets. Subsequent to 30 September 2019, approximately HK$48 million was further recovered from disposal of the remaining Secured Assets.

22. COMPARATIVE AMOUNTS

To conform to the audited consolidated financial statements for the year ended 31 March 2019, certain comparative amounts have been reclassified and restated.

23. 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 27 November 2019.

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 2019 ("**this period**" or "**current period**"), the Group recorded a consolidated revenue of approximately HK$693 million, representing a decrease of 59% from approximately HK$1,671 million of the previous corresponding period. Profit for this period amounted to approximately HK$6 million (six months ended 30 September 2018: approximately HK$186 million). The decline in net profit for the period was mainly attributable to (i) nil property sales transaction was completed in current period; (ii) increase in total staff and directors' costs, depreciation and administrative expenses in current period; and (iii) increase in finance costs due to higher average interest-bearing bank loan balance and interest rates of current period.

The basic earnings per share recorded a decrease from HK9.84 cents for the six months ended 30 September 2018 to loss of HK0.81 cents of this period.

DIVIDEND

At the annual general meeting ("**AGM**") of the Company held on 28 August 2019, shareholders approved the payment of a final dividend of HK$0.02 cents per share for the year ended 31 March 2019. The final dividend amounted to a total of approximately HK$34 million was paid on 20 September 2019.

The board ("**Board**") of directors of the Company ("**Director(s)**") has resolved not to declare the payment of an interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: 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 contract works segment can be further divided into two businesses according to nature of contracts, being building construction and repair, maintenance, alteration and addition works. As of 31 March 2019 and 30 September 2019, the Group's substantial contracts on hand were mainly related to building construction works from the public sector.

BUSINESS REVIEW (continued)

Contract Works (continued)

The Group's contract works segment recorded a turnover of approximately HK$644 million for this period, representing a decrease of 52% from approximately HK$1,333 million for the six months ended 30 September 2018. The decrease in turnover was mainly due to the projects in current period were in their preliminary stage of development while the projects in the same period of the last year were in their mature stage of development.

The gross profit margin of contract works segment increased from approximately 11% for the six months ended 30 September 2018 to approximately 23% for this period. Under the adoption of HKFRS 15, the gross profit margin of the Group's individual contract works projects will fluctuate over different reporting periods, depending on the actual revenue certified for and the respective costs incurred to the satisfaction of different performance obligation of that contract. As a result, the increase in gross profit margin for the current period was mainly due to the satisfaction of certain work tasks performed with higher gross profit margin during this period. The lower revenue of current period even intensified the impact of these higher gross profit margin work tasks to the segment's results.

As of 30 September 2019, the estimated total contract values and estimated total outstanding values of the Group's substantial contracts on hand were approximately HK$8,787 million and HK$7,077 million, respectively (31 March 2019: approximately HK$9,108 million and HK$5,482 million, respectively). These contracts are expected to be completed in around one to four years.

The Group completed the following significant contract regarding building construction works during the six months ended 30 September 2019:

- Construction of Public Rental Housing Development at Lai Chi Kok Road – Tonkin Street Phases 1 & 2.

During the period ended 30 September 2019, the Group secured the following substantial contract, which has an estimated contract value of approximately HK$2,269 million:

- Construction of Public Housing Development at Tuen Mun Area 54 Sites 1 & 1A.

Property Investment and Development

Property investment

In this period, the Group recorded a gross rental income from leasing its properties of approximately HK$41 million, representing a 3% decrease from approximately HK$43 million for the previous corresponding period. The decrease in rental income was mainly due to the net impact of dropped in rental income of Man Shung Industrial Building and Wood Road properties, as most of the leases were terminated/expired as planned; and general increase in rental income from Tin Ma Court and Kam Ying Court.

BUSINESS REVIEW (continued)

Property Investment and Development (continued)

Property investment (continued)

The increase in investment properties from HK$2,138 million as at 31 March 2019 to HK$2,329 million as at 30 September 2019 was mainly due to the acquisition of a new investment property at No. 12 Wiltshire Road, Kowloon Tong, Kowloon, Hong Kong for a cost of HK$182 million (including stamp duty), and the design, planning and alteration works did for other investment properties during this period.

Property development

The Group recognised nil revenue from property sales in this period (six months ended 30 September 2018: HK$285 million). All sales transactions of the "Pokfulam Peak" project were completed in the previous year.

As at 31 March 2019 and 30 September 2019, the Group's "Properties held for sale" in the consolidated statement of financial position were referring to the properties of the "Belfran Peak" project. This high-end residential development project is located at No. 9 Belfran Road, Kowloon, Hong Kong. The project was granted the certificate of compliance and is ready for sale. The "Belfran Peak" project consists of a 20-storey residential building, which contains six duplex apartments, a triplex apartment, car parking spaces and recreational facilities. The Group's "Properties under development" combined residential development projects at No. 1 & No. 1A Wood Road, Wanchai, Hong Kong and No. 28 Lugard Road, The Peak, Hong Kong that both projects are at their early stage of development.

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 2% to 30% per annum (six months ended 30 September 2018: approximately 4% to 30% per annum) were charged to borrowers and interest income of approximately HK$7 million was earned (six months ended 30 September 2018: approximately HK$10 million).

Other Income and Gains

Other income and gains increased from approximately HK$9 million for the six months ended 30 September 2018 to approximately HK$11 million for this period. In this period, more than 95% of the other income and gains represented bank interest income. On the other hand, the other income and gains of the corresponding period of last year was mainly contributed from the compensation received or receivable for the extension of completion date for sale of properties of approximately HK$4 million and bank interest income of approximately HK$5 million.

Administrative Expenses

Administrative expenses increased from approximately HK$102 million for the six months ended 30 September 2018 to approximately HK$168 million for the six months ended 30 September 2019. The higher expenses recorded in this period was mainly attributable to increase in staff and directors' costs, depreciation, donations and costs incurred for preliminary study of property projects.

BUSINESS REVIEW (continued)

Finance Costs

For the six months ended 30 September 2019, the Group recognised approximately HK$23 million finance costs as expenses (six months ended 30 September 2018: approximately HK$16 million) while the Group's total interest on bank loans before interest capitalisation to properties under development was approximately HK$25 million (six months ended 30 September 2018: approximately HK$18 million). The overall increase in finance costs was mainly attributable to the general increase in average loan balance and interest rates during this period.

Share of Profits and Losses of Joint Ventures

To expand into new sector of the contract works businesses, the Group, through the Able Group, acquired 50% interest in Gold Victory Resources Inc. ("**Gold Victory**") through an acquisition transaction on 30 November 2018. Gold Victory and its subsidiaries are principally engaged in the manufacturing of doors, door frames, furniture and other related products in a leased factory in Dongguan City of the People's Republic of China ("**PRC**") and the installation and trading of doors, door frames, furniture and other related products in Hong Kong. During the six months ended 30 September 2019, net profits shared by the Group from Gold Victory amounted to approximately HK$2 million.

Income Tax Expense

Income tax expense decreased from approximately HK$39 million for the six months ended 30 September 2018 to approximately HK$7 million for this period. The decrease was in line with the decrease in taxable profit for this period.

Profit/Loss Attributable to Owners of the Parent

As a result of the foregoing, the Group's profit earned for this period recorded a decrease from approximately HK$166 million for the six months ended 30 September 2018 to a loss of approximately HK$14 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$3,945 million as of 30 September 2019 (31 March 2019: approximately HK$3,825 million), of which approximately HK$2,364 million (31 March 2019: approximately HK$1,975 million) was unutilised. The Group monitors capital structure using gearing ratio and net gearing ratio. Gearing ratio is measured as total bank borrowings divided by equity attributable to owners of the parent while net gearing ratio is measured as total bank borrowings less cash and cash equivalents, divided by equity attributable to owners of the parent. As at 30 September 2019, the Group's gearing and net gearing ratios were 31.5% and 12.4% (31 March 2019: 37.4% and 0.4%), respectively.

FINANCIAL REVIEW (continued)

Capital Structure, Liquidity and Financial Resources (continued)

The Group's cash and cash equivalents recorded a decrease by 49% from approximately HK$1,552 million as at 31 March 2019 to approximately HK$796 million as at 30 September 2019. The drop was mainly due to the net cash outflows in investing activities for the acquisition of Wiltshire Road Property (as defined in this announcement) as well as increase in pledged time deposits; the net repayment of bank loans; and the net cash outflows from operating activities during this period.

Current ratio of the Group stood at 1.41 as at 30 September 2019, while that as at 31 March 2019 was 1.44. Current ratio is measured as total current assets divided by total current liabilities. The Group maintains sufficient working capital resources to execute its contract works, property investment and development plans and provision of finance business.

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 in late 2018, it is expected significant amount of cash would continue to be consumed by the Group's contract works business in the coming 12 months. The Group has all along taken a prudent and cautious approach to cash application and capital commitments.

Interest and Foreign Exchange Exposure

The Group's business operations are principally engaged in Hong Kong, and certain operation of a joint venture is engaged in the PRC. Majority of the Group's business transactions are denominated in the local currencies. Hence, the Group is not exposed to significant foreign exchange risk.

At 31 March 2019 and 30 September 2019, 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 2018 and 30 September 2019, the Group did not engage in any interest rates and currency hedging or speculating activities.

Accounts Receivable

As at 30 September 2019, approximately 99% (31 March 2019: approximately 99%) of the Group's accounts receivable represented trade receivables of the contract works business of the Able Group recognised under HKFRS 15. 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 88% of the contract trade receivables as at 30 September 2019 were subsequently settled by 15 November 2019 (31 March 2019: approximately 93% were subsequently settled by 31 May 2019).

FINANCIAL REVIEW (continued)

Prepayment, Other Receivables and Other Assets

Both the Group's balances at 30 September 2019 and 31 March 2019 contained refundable security deposits of HK$45 million paid for the possible Richrear Acquisition (as defined in this announcement), prepaid insurance for contract works projects, bank interest receivable, deposits paid for building management services, wastage disposal, utilities, etc.. Decrease in balance at current period end was mainly due to the utilization of part of the prepaid insurance during this period.

Contract Assets

Balance at current period end mainly represented retention of accounts receivable and unbilled revenue of approximately HK$165 million and HK$50 million (31 March 2019: approximately HK$162 million and HK$58 million), respectively, which the Group's rights to receipt such trade balances have not yet become unconditional. In general, half of the retention money will be released upon practical completion of a project and the remaining half of the retention money is released upon expiry of the defect liability period.

Other Payables and Accruals

The Group's balance at 30 September 2019 mainly represented provision of contract works costs, staff costs payable, rental income received in advance and deposits received from tenants, etc.. Decrease in balance in current period end was primarily resulted from decrease in provision of contract works costs.

Charges on Assets

At 30 September 2019, 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$2,146,000,000 (31 March 2019: HK$2,138,000,000);
- land and buildings (including portion classified as "Right-of-use assets" under "Property, plant and equipment") with an aggregate carrying amount of HK$93,377,000 (31 March 2019: HK$95,059,000);
- properties held for development with an aggregate carrying amount of HK$67,949,000 (31 March 2019: HK$67,949,000);
- properties under development with an aggregate carrying amount of HK$458,228,000 (31 March 2019: HK$$445,846,000);
- properties held for sale with an aggregate carrying amount of HK$246,181,000 (31 March 2019: HK$246,181,000);
- 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$39,693,000 and HK$1,232,000 (31 March 2019: HK$21,963,000 and HK$92,000), respectively;
- the assignment of the Group's financial benefits under certain contract works with unbilled revenue and retention receivables related to such contract works amounting to nil and HK$60,059,000 (31 March 2019: HK$23,255,000 and HK$57,871,000), respectively; and
- bank deposits of HK$110,000,000 (31 March 2019: nil).

FINANCIAL REVIEW (continued)

Contingent Liabilities

Details of the Group's contingent liabilities are set out in note 16 to the unaudited condensed consolidated interim financial information.

Capital Commitments

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

ACQUISITION OF THE WILTSHIRE ROAD PROPERTY

On 11 April 2019, Luck Huge Limited, an indirect wholly-owned subsidiary of the Company, entered into a provisional sale and purchase agreement with The Lutheran Church - Missouri Synod for the acquisition of No. 12 Wiltshire Road, Kowloon Tong, Kowloon, Hong Kong (the "**Wiltshire Road Property**") at a consideration of HK$140 million (the "**Wiltshire Road Acquisition**"). Completion of the Wiltshire Road Acquisition took place on 21 May 2019.

The Wiltshire Road Property comprises a 4-storey domestic property together with garden erected upon a site with site area of approximately 5,235 sq. ft.. Given the property's prime location in the traditional luxury residential area of Kowloon Tong, the Board is of the view that there is good potential for capital appreciation as well as redevelopment. The Group intends to redevelop the Wiltshire Road Property for rental or long-term appreciation purpose to strengthen the property portfolio of the Group. As at the date of approval of this announcement, planning for the redevelopment of the Wiltshire Road Property was in progress.

The Wiltshire Road Acquisition constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For further details of the Wiltshire Road Acquisition, please refer to the announcement of the Company dated 11 April 2019.

POSSIBLE ACQUISITION

As disclosed in the joint announcement of the Company and Able Holdings dated 9 July 2019, an indirect wholly-owned subsidiary of Able Holdings as purchaser entered into a framework agreement with an independent third party as vendor on 9 July 2019 (the "**Framework Agreement**") for the possible acquisition of 100% of the equity interest of a Hong Kong company (the "**Target Company**") and 100% of the interest-free shareholder loan (if any) advanced by the vendor to the Target Company at a consideration of HK$130 million (the "**Possible Acquisition**"). The Possible Acquisition is subject to the terms and conditions set out in the Framework Agreement and the entering into of a formal agreement.

Up to the approval date of this announcement, nil deposits has been paid to the vendor and the Possible Acquisition may or may not proceed. If proceed, it is expected that the Possible Acquisition will constitute a discloseable transaction to each of the Company and Able Holdings under Chapter 14 of the Listing Rules. Further announcement(s) in relation to the Possible Acquisition will be made by the Company and Able Holdings as and when appropriate in accordance with the Listing Rules.

POSSIBLE RICHREAR ACQUISITION

As disclosed in the Company's announcement dated 8 January 2018, Profit Chain Investments Limited ("**Profit Chain**", a direct 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 at a consideration of HK$150 million (the "**Richrear Acquisition**").

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.

USE OF PROCEEDS FROM THE LISTING OF ABLE HOLDINGS

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$82 million of the net proceeds were unused as at 30 September 2019 (31 March 2019: approximately HK$181 million). The unused proceeds were deposited in licensed banks in Hong Kong.

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 during the six months ended 30 September 2019 as follows:

	Net proceeds from the Listing *HK$'Million*	Unused amount at 1 April 2019 *HK$'Million*	Used amount in this period *HK$'Million*	Unused amount at 30 September 2019 *HK$'Million*
Maintaining and increasing the employed capital requirement and working capital requirement for future/new projects in the public sector	402	179	(97)	82
Payment for the upfront costs	70	-	-	-
General working capital	52	2	(2)	-
Total	524	181	(99)	82

OUTLOOK

Regarding the property investment and development business, the widespread impact of the US-China trade conflict and the social and political chaos has added uncertainties to the property market. As the social conflicts in Hong Kong have severely affected retail, tourism and related sectors of the economy, the Directors are of the view that rental income of the Group in the coming year is likely to be under pressure. Recent market data also shows that property transaction volume fell and banks are adjusting valuations of flats at major residential estates. Against this backdrop, the declines in property prices during the period were slight as it was supported by solid housing demand from local end-users as well as a prevailing low mortgage interest rate. The surprise rise in the loan-to-value ratio ceiling in the 2019 Policy Address even fuel the demand in the secondary home market and makes Hong Kong's property market remained resilient in the short-term. As mentioned in the Company's 2018/19 Annual Report, disregard of the market conditions, the Group currently only has one ready-for-sale property project on hand, it is expected that the revenue and profits that can be earned from the property development business will drop significantly in the year 2019/20.

Regarding the contract works business, as mentioned in the 2019 Policy Address, the Government of the Hong Kong Special Administrative Region will continue its effort in increasing the land supply and number of residential units to meet the public needs. The 2019 Policy Address also mentioned various short and medium-term support measures to tackle the shortage of housing supply, such as setting aside HK$5 billion to increase the number of transitional housing projects to provide a total of 10,000 units within the next three years, expedite planning work and invoke the Lands Resumption Ordinance to resume three types of private land for developing public housing and Starter Homes. The Board believes that our Able Group has accumulated ample experience and know-how to be competitive in tendering new projects.

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 2019, the Group employed 364 full-time employees (31 March 2019: 369) 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..

At the AGM 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 key purposes of the 2011 Scheme are to provide incentives for the Group's employees and executives, to recognise their contributions to the Group's development and to provide more flexibility for the Group in formulating its remuneration policy. During the six months ended 30 September 2019, the Company did not grant any share options under the 2011 Scheme to the Group's employees (including Directors) (six months ended 30 September 2018: nil). As at 30 September 2019, the Company had 9,900,000 share options (31 March 2019: 10,080,000 share options) outstanding under the 2011 Scheme.

EMPLOYEES AND REMUNERATION POLICY (continued)

At the respective AGM 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 full-time 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 2019, 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 Board, 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 2019.

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 of the Listing Rules as the code of conduct regarding the 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 throughout the period ended 30 September 2019.

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 2019.

REVIEW BY AUDIT COMMITTEE

At the date of approval of this announcement, the Audit Committee of the Company (the "**Audit Committee**") comprises three Independent Non-executive Directors, namely Mr. MONG Chan (*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. MONG Chan 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 2019.

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 2019/20 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 Board, I would like to express our gratitude and sincere appreciation to all management and employees of the Group for their hard work and dedication, and all shareholders of the Company for their support to the Group.

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

Hong Kong, 27 November 2019

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

Executive Directors	*Independent Non-executive Directors*
Mr. NGAI Chun Hung	Prof. KO Jan Ming
Mr. YAU Kwok Fai	The Hon. IP Kwok Him, *GBM, GBS, JP*
	Mr. MONG Chan
Non-executive Director	
Dr. LEE Man Piu, Albert	