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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)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2020

The board of directors of Vantage International (Holdings) Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries for the year ended 31 March 2020, together with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March

	Notes	**2020** *HK$'000*	2019 *HK$'000*
REVENUE			
Revenue from contracts with customers	*5*	**1,545,883**	3,440,275
Interest income from loans receivable	*5*	**10,890**	19,682
Revenue from other sources	*5*	**79,800**	84,562
		1,636,573	3,544,519
Contract works costs		**(1,389,355)**	(2,149,888)
Property costs		**(7,537)**	(566,213)
Gross profit		**239,681**	828,418
Other income and gains, net	*5*	**18,547**	179,704
Selling and marketing expenses		**(210)**	(608)
Administrative expenses		**(223,645)**	(140,652)
Finance costs	*6*	**(42,645)**	(32,429)
Other expenses		**(191,414)**	-
Share of profits and losses of joint ventures		**1,317**	2,170
PROFIT/(LOSS) BEFORE TAX	*7*	**(198,369)**	836,603
Income tax expense	*8*	**(12,537)**	(96,725)
PROFIT/(LOSS) FOR THE YEAR		**(210,906)**	739,878

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

Year ended 31 March

	Note	**2020** **HK$'000**	2019 HK$'000
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income/(loss) of joint ventures		**(1,766)**	1,766
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(1,766)**	1,766
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(212,672)**	741,644
Profit/(loss) for the year attributable to:			
Owners of the parent		**(216,899)**	704,520
Non-controlling interests		**5,993**	35,358
		(210,906)	739,878
Total comprehensive income/(loss) for the year attributable to:			
Owners of the parent		**(218,223)**	705,844
Non-controlling interests		**5,551**	35,800
		(212,672)	741,644
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
(HK cents)	*10*		
Basic		**(12.89)**	41.86
Diluted		**(12.89)**	41.78

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March

	Notes	**2020** **HK$'000**	2019 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,099,684**	1,160,495
Properties held for development		**74,362**	74,362
Investment properties		**2,149,000**	2,138,000
Investments in joint ventures		**89,292**	104,962
Loan receivable	*13*	**9,000**	-
Prepayments and other assets		**7,892**	-
Deferred tax assets		**10,614**	5,867
Total non-current assets		**3,439,844**	3,483,686
CURRENT ASSETS			
Properties under development		**840,350**	808,215
Properties held for sale		**246,181**	246,181
Accounts receivable	*11*	**201,555**	110,382
Contract assets	*12*	**218,845**	220,160
Loans and interest receivables	*13*	**234,305**	389,400
Prepayments, other receivables and other assets		**147,001**	147,294
Amount due from a joint venture		**42**	114
Tax recoverable		**11,792**	1,185
Restricted cash		**110,000**	-
Cash and cash equivalents		**900,459**	1,552,123
Total current assets		**2,910,530**	3,475,054
CURRENT LIABILITIES			
Accounts payable	*14*	**321,752**	343,915
Tax payable		**1,073**	15,664
Other payables and accruals		**243,219**	481,921
Amounts due to joint ventures		**195**	801
Interest-bearing bank loans		**1,498,434**	1,570,963
Total current liabilities		**2,064,673**	2,413,264
NET CURRENT ASSETS		**845,857**	1,061,790
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,285,701**	4,545,476
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**11,547**	11,798
Other payables		**6,716**	-
Total non-current liabilities		**18,263**	11,798
Net assets		**4,267,438**	4,533,678

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 March

	Note	**2020** **HK$'000**	2019 *HK$'000*
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*15*	**42,079**	42,074
Reserves		**3,911,649**	4,163,445
		3,953,728	4,205,519
Non-controlling interests		**313,710**	328,159
Total equity		**4,267,438**	4,533,678

NOTES TO FINANCIAL STATEMENTS

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

- 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 year ended 31 March 2020 ("**the/this year**"). 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

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and a derivative financial instrument, which have been measured at fair value.

These financial statements are presented in Hong Kong dollars ("**HK$**"), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

NOTES TO FINANCIAL STATEMENTS (continued)

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the currents year's financial statements.

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 to *HKFRSs 2015-2017 Cycle*	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

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

Except for the amendments to HKFRS 9, HKAS 19 and HKAS 28, and *Annual Improvements to HKFRSs 2015-2017 Cycle* which are not relevant to the preparation of the Group's financial statements, the nature and impact of the new 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 to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Accordingly, HKFRS 16 did not have any significant impact on leases where the Group is the lessor.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 April 2019. Under this method, the standard has been applied retrospectively with no impact to the opening balance of retained profits at 1 April 2019, and the comparative information for 2019 was not restated and continued to be reported under HKAS 17 and related interpretations.

NOTES TO FINANCIAL STATEMENTS (continued)

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

HKFRS 16 "*Leases*" (continued)

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.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for leasehold land, site offices 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 and leases with a lease term of 12 months or less ("**short-term leases**") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term, commencing from 1 April 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 April 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019 and included in "Other payables and accruals" in the consolidated statement of financial position.

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

The right-of-use assets also included the leasehold land previously recognised under finance leases that HK$1,090,768,000 was reclassified from "Land and buildings" under "Property, plant and equipment" on 1 April 2019.

NOTES TO FINANCIAL STATEMENTS (continued)

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

HKFRS 16 "*Leases*" (continued)

As a lessee – Leases previously classified as operating leases (continued)
Impact on transition (continued)
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 applied an elective practical expedients regarding the short-term lease exemption to leases with a lease term that ends within 12 months from the date of initial application when applying HKFRS 16 at 1 April 2019:

The lease liabilities as at 1 April 2019 reconciled to the operating lease commitments as at 31 March 2019 are as follows:

	HK$'000
Operating lease commitments as at 31 March 2019	402
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 March 2020	(402)
Lease liabilities as at 1 April 2019	-

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 tax 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. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup transactions. The Group determined that it is probable that its transfer pricing policy will be accepted by the tax authority. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

NOTES TO FINANCIAL STATEMENTS (continued)

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, acting as a main contractor or sub-contractor, primarily in respect of building construction and repair, maintenance, alteration and addition ("**RMAA**") works;

(b) the property investment and development segment engages in investment in retail, residential 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 the 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/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss 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 FINANCIAL STATEMENTS (continued)

4. SEGMENT INFORMATION (continued)

	Provision of finance		Contract works		Property investment and development		Total		Eliminations		Consolidated	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	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	**-**	-	**1,545,883**	2,385,415	**79,800**	1,139,422	**1,625,683**	3,524,837	**-**	-	**1,625,683**	3,524,837
Interest income from loans receivable	**10,890**	19,682	**-**	-	**-**	-	**10,890**	19,682	**-**	-	**10,890**	19,682
Intersegment sales	**-**	-	**1,958**	-	**2,780**	2,640	**4,738**	2,640	**(4,738)**	(2,640)	**-**	-
Total	**10,890**	19,682	**1,547,841**	2,385,415	**82,580**	1,142,062	**1,641,311**	3,547,159	**(4,738)**	(2,640)	**1,636,573**	3,544,519
Segment results	**4,275**	19,682	**156,528**	235,527	**(76,188)**	742,609	**84,615**	997,818	**(2,585)**	(2,458)	**82,030**	995,360
Interest and unallocated income and gains											**18,547**	12,154
Unallocated expenses											**(257,618)**	(140,652)
Finance costs											**(42,645)**	(32,429)
Share of profits and losses of joint ventures	**-**	-	**1,328**	2,173	**(11)**	(3)	**1,317**	2,170	**-**	-	**1,317**	2,170
Profit/(loss) before tax											**(198,369)**	836,603
Income tax expense											**(12,537)**	(96,725)
Profit/(loss) for the year											**(210,906)**	739,878
Other segment information:												
Depreciation	**-**	-	**28,759**	26,982	**-**	-	**28,759**	26,982	**-**	-	**28,759**	26,982
Depreciation on unallocated assets							**8,137**	4,534	**-**	-	**8,137**	4,534
Loss on derecognition of a building held for redevelopment	**-**	-	**40,588**	-	**-**	-	**40,588**	-	**-**	-	**40,588**	-
Capital expenditure	**-**	-	**3,226**	599,700	**227,714**	353,627	**230,940**	953,327	**-**	-	**230,940**	953,327
Investments in joint ventures	**-**	-	**89,120**	104,559	**172**	403	**89,292**	104,962	**-**	-	**89,292**	104,962
Gain/(loss) on changes in fair value of investment properties, net	**-**	-	**-**	-	**(150,826)**	92,784	**(150,826)**	92,784	**-**	-	**(150,826)**	92,784
Impairment allowance of loans and interest receivables	**6,615**	-	**-**	-	**-**	-	**6,615**	-	**-**	-	**6,615**	-

NOTES TO FINANCIAL STATEMENTS (continued)

4. SEGMENT INFORMATION (continued)

Geographical information

The Group's revenue from external customers is all derived from customers in Hong Kong and the Group's non-current assets are all located in Hong Kong.

Information about major customers

Revenue from major customers that each are accounted for 10% or more of the Group's revenue for the year is set out below:

	2020	2019
	HK$'000	*HK$'000*
Contract works segment - Customer A	**591,506**	1,919,974
Contract works segment - Customer B	**414,551**	N/A*
Contract works segment - Customer C	**340,045**	N/A*

* Less than 10% of the Group's revenue in the respective year

Except for the aforesaid, no revenue from other single external customers accounted for 10% or more of the Group's revenue.

Information about products and services

	2020	2019
	HK$'000	*HK$'000*
Revenue from external customers:		
Contract works for building construction	**1,476,916**	2,283,372
Contract works for RMAA	**68,967**	102,043
Gross rental income	**79,800**	84,562
Sale of properties	**-**	1,054,860
Interest income from loans receivable	**10,890**	19,682
	1,636,573	3,544,519

NOTES TO FINANCIAL STATEMENTS (continued)

5. REVENUE, OTHER INCOME AND GAINS, NET

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

	2020	2019
	HK$'000	*HK$'000*
Revenue		
Revenue from contracts with customers		
Contract works revenue	**1,545,883**	2,385,415
Sale of properties	**-**	1,054,860
Interest Income		
Interest income from loans receivable	**10,890**	19,682
Revenue from other sources		
Gross rental income:		
Variable lease payments that do not depend on an index or a rate	**223**	395
Fixed lease payments	**79,577**	84,167
	1,636,573	3,544,519
Other income and gains, net		
Interest income	**16,786**	11,303
Gain on changes in fair value of investment properties, net	**-**	92,784
Gain on disposal of items of property, plant and equipment	**70**	162
Gain on deregistration of a joint venture	**282**	-
Confiscated deposits and compensation income	**-**	74,766
Sundry income	**1,409**	689
	18,547	179,704

6. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	2020	2019
	HK$'000	*HK$'000*
Interest on bank loans	**48,281**	36,998
Interest on lease liabilities	**303**	-
Less: Interest capitalised	**(5,939)**	(4,569)
	42,645	32,429

NOTES TO FINANCIAL STATEMENTS (continued)

7. PROFIT/LOSS BEFORE TAX

The Group's profit/loss before tax is arrived at after charging/(crediting):

	2020	2019
	HK$'000	*HK$'000*
Contract works costs	**1,389,355**	2,149,888
Cost of properties sold*	**-**	558,277
Provision for contract works, net**:		
Additional provision	**10,577**	320,444
Utilisation / reversal	**(185,119)**	(54,389)
	(174,542)	266,055
Depreciation of owned assets**	**2,323**	31,516
Depreciation of right-of-use assets**	**34,573**	-
Auditor's remuneration	**4,927**	5,640
Minimum lease payments under operating leases	**-**	20,298
Lease payments not included in the measurement of lease liabilities**	**11,903**	-
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties*	**7,356**	7,620
Employee benefits expense (exclusive of Directors' remuneration) **:		
Wages and salaries	**207,007**	213,084
Pension scheme contributions (defined contribution schemes)	**5,648**	5,898
	212,655	218,982
Directors' remuneration***:		
Fees	**1,039**	960
Other emoluments:		
Salaries, allowances and benefits-in-kind***	**12,003**	12,040
Discretionary performance related bonuses	**109,500**	54,240
Pension scheme contributions (defined contribution schemes)	**80**	90
	121,583	66,370
	122,622	67,330
Loss/(gain) on changes in fair value of investment properties, net****	**150,826**	(92,784)
Loss on derecognition of a building held for redevelopment****	**40,588**	-
Fair value loss on a derivative financial instrument	**21**	186
Government subsidies*****	**(753)**	(544)
Impairment allowance for loans and interest receivables	**6,615**	-

* These items are included in the "Property costs" on the face of the consolidated statement of profit or loss and other comprehensive income.

** For the year ended 31 March 2020, depreciation of owned assets, depreciation of right-of-use assets, lease payments not included in the measurement of lease liabilities, employee benefits expense and net utilisation/reversal of provision for contract works of nil (2019: HK$1,181,000), HK$4,338,000 (2019: nil), HK$11,428,000 (2019: nil), HK$195,555,000 (2019: HK$201,997,000) and HK$174,542,000 (2019: provision of HK$266,055,000), respectively, are included in "Contract works costs" on the face of the consolidated statement of profit or loss and other comprehensive income.

NOTES TO FINANCIAL STATEMENTS (continued)

7. PROFIT/LOSS BEFORE TAX (continued)

*** 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 the year, was approximately HK$1,916,000 (2019: HK$1,916,000).

**** The net loss of these items for the current year are included in "Other expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.

***** Subsidies have been received from the Hong Kong Vocational Training Council and the Construction Industry Council, institutions established by the Hong Kong Special Administrative Region Government, for providing on-the-job training for graduate engineers and trainees, respectively. There were no unfulfilled conditions or contingencies relating to these subsidies.

8. INCOME TAX

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% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for a subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment of 2018/2019. The first HK$2,000,000 (2019: HK$2,000,000) of assessable profits of that subsidiary is taxed at 8.25%, and the remaining assessable profits are taxed at 16.5%.

An analysis of the Group's tax charge is as follows:

	2020	2019
	HK$'000	*HK$'000*
Current - Hong Kong:		
Charge for the year	**18,169**	97,487
Underprovision/(overprovision) in prior years	**(634)**	7
Deferred	**(4,998)**	(769)
Total tax charge for the year	**12,537**	96,725

9. DIVIDENDS

	2020	2019
	HK$'000	*HK$'000*
Proposed final – nil (2019: HK2 cents per ordinary share)	**-**	33,663

The Board did not recommend the payment of a final dividend for the year ended 31 March 2020.

NOTES TO FINANCIAL STATEMENTS (continued)

10. 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 year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the year.

The calculation of the diluted earnings/loss per share amount is based on the profit/loss for the year 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 year, 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 dilutive potential ordinary shares into ordinary shares.

No adjustment has made to the basic loss per share amount presented for the year ended 31 March 2020 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

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

	2020	2019
	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 calculations	**(216,899)**	704,520

	Number of shares	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/loss per share calculation	**1,683,096,728**	1,682,966,400
Effect of dilution – weighted average number of ordinary shares:		
Share options	**1,430,215**	3,220,051
Weighted average number of ordinary shares in issue during the year used in the diluted earnings/loss per share calculation	**1,684,526,943**	1,686,186,451

NOTES TO FINANCIAL STATEMENTS (continued)

11. ACCOUNTS RECEIVABLE

The Group's 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 or the relevant payment certificates and payment are normally due within 60 days from the date of issuance of the invoice or the payment certificate. 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 31 March 2020, the aggregate amounts of accounts receivable related to such contract works and rental arrangements pledged to secure the relevant banking facilities were HK$130,653,000 (31 March 2019: HK$21,963,000) and HK$246,000 (31 March 2019: HK$92,000), respectively.

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

	2020	2019
	HK$'000	*HK$'000*
Current to three months	**192,660**	102,083
Four to six months	**-**	65
Over six months	**8,895**	8,234
	201,555	110,382

The Group has applied the simplified approach to provide for impairment for expected credit losses ("**ECL(s)**") prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for impairment of all accounts receivable and contract assets. To measure the ECLs, accounts receivable and contract assets have been grouped based on shared credit risk characteristics and the days past due. With the incorporation of forward-looking information in the ECLs, management considered that the ECL rate for the Group's accounts receivable and contract assets is minimal and therefore no provision for impairment of accounts receivable and contract assets was necessary as at 31 March 2020 and 31 March 2019.

12. CONTRACT ASSETS

An analysis of the Group's contract assets is as follows:

	2020	2019
	HK$'000	*HK$'000*
Contract assets arising from construction contracts:		
Unbilled revenue	**50,538**	57,742
Retention receivables	**168,307**	162,418
	218,845	220,160

NOTES TO FINANCIAL STATEMENTS (continued)

12. CONTRACT ASSETS (continued)

The movements in the Group's contract assets are as follows:

	2020	2019
	HK$'000	*HK$'000*
At beginning of year	**220,160**	244,398
Addition in contract assets	**99,562**	59,948
Transfer to accounts receivable	**(100,877)**	(84,136)
Collection of other receivables	**-**	(50)
At end of year	**218,845**	220,160

Unbilled revenue included in contract assets represents the Group's right to receive consideration for the work completed and not yet certified by customers because the rights are conditional upon the quality and quantity check by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. Contract assets regarding unbilled revenue are transferred to accounts receivable when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers.

Retention receivables included in contract assets represents the Group's right to consideration for the work performed but not yet collectible because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. Contract assets regarding retention receivables are transferred to accounts receivable when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group.

The decrease in contract assets as at 31 March 2020 was the result of the transfer of contract assets to accounts receivable during the year.

Among the above contract assets, HK$87,688,000 as at 31 March 2020 (31 March 2019: HK$88,702,000) are expected to be recovered after twelve months from the end of the reporting period.

Details of ECLs are disclosed in note 11 to the financial statements.

The Group assigned its financial benefits under certain contract works to secure certain general banking facilities granted to the Group. As at 31 March 2020, the aggregate amount of unbilled revenue and retention receivables related to such contract works pledged to secure the relevant banking facilities were HK$43,824,000 (31 March 2019: HK$23,255,000) and HK$103,575,000 (31 March 2019: HK$57,871,000), respectively.

NOTES TO FINANCIAL STATEMENTS (continued)

13. LOANS AND INTEREST RECEIVABLES

An analysis of the Group's loans and interest receivables is as follows:

	2020	2019
	HK$'000	*HK$'000*
Secured	**243,305**	324,299
Unsecured	**6,615**	65,101
	249,920	389,400
Less: Impairment allowance	**(6,615)**	-
	243,305	389,400
Non-current portion	**(9,000)**	-
Current portion	**234,305**	389,400

As at 31 March 2020, the Group's gross loans receivable of HK$249,920,000 (31 March 2019: HK$389,400,000) 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.

The movements in the allowance for impairment of the Group's loans and interest receivables are as follows:

	2020	2019
	HK$'000	*HK$'000*
At beginning of year	**-**	-
Impairment losses	**6,615**	-
At end of year	**6,615**	-

For loans and interest receivables, the Group applied the general approach to provide for impairment for ECLs prescribed by HKFRS 9. As at 31 March 2020, loans and interest receivables that were overdue amounted to HK$226,821,000 (31 March 2019: HK$91,137,000). Except for the balances amounted to HK$6,615,000 (31 March 2019: nil) which were categorised within Stage 3, all the remaining balances were categorised within Stage 1 or Stage 2 for the measurement of ECLs.

An impairment analysis is performed throughout the reporting period, which is estimated by applying the probability of default approach with reference to the risks of default of the borrowers. To measure the ECLs, loans and interest receivables have been grouped based on shared credit risk characteristics and the days past due and forward-looking information and amount covered by the pledge of properties have been incorporated.

As certain loans and interest receivables are covered by the pledge of properties of the borrowers, management considered that the ECL rate for these loans and interest receivables is minimal and therefore no provision for impairment of these secured loans and interest receivables was made as at 31 March 2020 and 31 March 2019.

NOTES TO FINANCIAL STATEMENTS (continued)

14. ACCOUNTS PAYABLE

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

	2020	2019
	HK$'000	*HK$'000*
Current to three months	**137,612**	134,978
Four to six months	**34,940**	6,386
Over six months	**149,200**	202,551
	321,752	343,915

At 31 March 2020, retention payables included in accounts payable amounted to HK$148,026,000 (31 March 2019: HK$174,863,000), which are non-interest-bearing and are normally settled within terms ranging from one to four years.

Other than retention payables, accounts payable are non-interest bearing and are normally settled within 60 days from the date of invoice or payment certificate.

15. SHARE CAPITAL

	2020	2019
	HK$'000	*HK$'000*
Authorised:		
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

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 31 March 2020		**1,683,146,400**	**42,079**	**253,388**	**295,467**

NOTES TO FINANCIAL STATEMENTS (continued)

15. SHARE CAPITAL (continued)

Notes:

(a) *During the year ended 31 March 2020, the subscription rights attaching to 180,000 share options were exercised at the subscription price 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 "Share option reserve" to "Share premium account" upon the exercise of the share options during the year ended 31 March 2020.*

16. CONTINGENT LIABILITIES

(a) Guarantees

At 31 March 2020, the guarantees given by the Group to certain banks in respect of performance bonds in favour of certain customers of contract works amounted to HK$201,348,000 (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 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.

PERFORMANCE

During the year under review, the Company and its subsidiaries (collectively, the "**Group**", including 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; collectively with its subsidiaries, the "**Able Group**") was principally engaged in the contract works business, which mainly comprised of building construction and repair, maintenance, alteration and addition ("**RMAA**") works, the property investment and development business and the provision of finance business in Hong Kong.

For the year ended 31 March 2020, the Group's loss attributable to owners of the parent amounted to approximately HK$217 million compared to profit of HK$705 million in last year. The underlying net loss for this year was mainly attribute to (i) the drop in fair value of the Group's investment properties at current year end resulting from recent significant drop in overall property prices under uncertain social and economic environment in Hong Kong; (ii) nil property sales transaction was completed in current year while significant portion of the profits of last year was mainly contributed from the sales transactions of the "Pokfulam Peak" project; (iii) the decrease in revenue and profit contributed from contract works segment as certain projects were in preliminary stage of development during the current year and the suspension of certain sites works to prevent the spread of novel coronavirus COVID-19 ("**COVID-19**") in February 2020; (iv) the onetime loss on derecognition of the entire net book value of the building portion of Man Shung Industrial Building ("**Man Shung Building**"), following the decision to redevelop the Man Shung Building; (v) the increase in directors' remuneration, depreciation and other administrative expenses; and (vi) the increase in finance costs due to higher average-bearing bank loans and interest rates of current year.

The Group's net loss for the year was, to a large extent, due to the loss on changes in fair values of the Group's investment properties for the current year of approximately HK$151 million and the loss on derecognition of the building portion of Man Shung Building of approximately HK$41 million, which were both non-cash in nature. Taking out these two factors, the Group's loss before tax of the year would be approximately HK$7 million.

The basic loss per share for this year was HK12.89 cents compared to earnings of HK41.86 cents in last year. In addition, the equity attributable to owners of the parent as at 31 March 2020 amounted to HK$3,954 million (approximately HK$2.35 per share), representing a decrease of 6% (31 March 2019: HK$4,206 million (approximately HK$2.50 per share)).

DIVIDEND

No interim dividend has been declared or paid by the Company during this year (2019: nil). At the Company's annual general meeting ("**AGM**") held on 28 August 2019, shareholders approved the payment of a final dividend of HK2 cents per ordinary share for the year ended 31 March 2019 which amounted to a total of approximately HK$33,663,000. The dividend was paid on 20 September 2019.

DIVIDEND (continued)

The Board (the "**Board**") of directors (the "**Director(s)**") of the Company did not recommend the payment of a final dividend for the year ended 31 March 2020 (2019: HK2 cents per share).

AGM AND CLOSURE OF REGISTER OF MEMBERS

The 2020 AGM of the Company will be held in Hong Kong on 4 September 2020, Friday. Notice of the AGM will be issued and disseminated to the shareholders in due course.

To determine the entitlement to attend and vote at the 2020 AGM, the register of members of the Company will be closed from 1 September 2020, Tuesday to 4 September 2020, Friday (both days inclusive), during which period no transfer of the Company's shares will be registered. In order to qualify for attending and voting at the 2020 AGM, unregistered holders of the shares should ensure all share transfer documents accompanied by the relevant share certificates are lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 31 August 2020, Monday.

BUSINESS REVIEW

During the year under review, the Group was principally engaged in the contract works business, which mainly comprised building construction and RMAA works, the property investment and development business and the provision of finance business in Hong Kong.

Contract Works

Market review

In recent years, the Hong Kong Special Administrative Region (the "**HKSAR**" or "**Hong Kong**") Government demonstrated its dedication to increase land and housing supply, especially in public housing. As mentioned in 2019 Policy Address, the HKSAR Government expedited planning work by invoking the "Lands Resumption Ordinance" (Cap. 124 of the Laws of Hong Kong) to resume three types of private land for developing public housing and Starter Homes and set aside of HK$5 billion to provide a total of 10,000 transitional housing units, recently increased to 15,000 units, within the next three years. In addition, the HKSAR Government targeted to increase the proportion of public housing in the overall housing supply to 70% under the revised Long Term Housing Strategy, and has also earmarked HK$500 billion for Hospital Authority to implement two "10-year Hospital Development Plans". All these plans indicate project workload of the construction industry in medium to long term is well supported by the HKSAR Government.

However, the progress in funding approval of various public building and infrastructure projects in the Legislative Council of the HKSAR was delayed by various reasons and lead to the workload peaks and troughs for government projects became unpredictable in short term. Recent market data also shows that the industry is suffering from contraction due to disruption caused by outbreak of COVID-19.

BUSINESS REVIEW (continued)

Contract Works (continued)

The Group's performance

The Group currently carries on its contract works business through the Able Group in Hong Kong. The contract works segment can be further divided into two businesses according to nature of contracts, being building construction and RMAA works. As of 31 March 2020, the Group's substantial contracts on hand were mainly related to building construction works from the public sector.

For the year ended 31 March 2020, external revenue earned from the contract works segment amounted to approximately HK$1,546 million (2019: approximately HK$2,385 million), representing a decrease of 35% from that of last year. The decrease in revenue was mainly due to the projects of Able Group in current year were in their preliminary stage of development while the projects in last year were in their mature stage of development. In addition, certain site works of the Group were suspended in February 2020 to prevent the spread of COVID-19 which affected the progress of the projects and reduced the amount of revenue.

The gross profit margin of this segment increased slightly from 9.9% for the year ended 31 March 2019 to 10.1% for the year ended 31 March 2020. Under the adoption of HKFRS 15, the gross profit margin of the Group's individual contract works projects will not remain constant but will fluctuate over different reporting periods, depending on the actual revenue certified for and the respective costs incurred for individual performance obligations completed.

Property Investment and Development

Market review

The social and political unrest in Hong Kong since the second half of the 2019 made more potential home buyers and investors started taking a wait-and-see approach on the property market. The outbreak of COVID-19 even deepened market concerns on the economic outlook. Corporations have tried to cut retail space or office leases to keep their entity survive and their employees employed while landlords are expected to fulfil their social responsibility by providing rental relief to certain tenants, in particular for those in sectors most hard-hit by the epidemic. As so, rent for both retail and commercial properties recorded a slump in this year.

The Group's performance

Property investment

During the year ended 31 March 2020, the Group's gross rental income decreased from approximately HK$85 million for the year ended 31 March 2019 to approximately HK$80 million. The decrease in rental income was mainly due to (i) the drop in rental income from the Man Shung Building and properties at No. 1 & No. 1A Wood Road, as all leases were terminated/expired as planned for redevelopment of the properties in current year; (ii) the drop in rent for certain properties when tenancies were renewed in the last quarter of 2019/20; and (iii) the temporary rental concessions granted to certain independent tenants due to the outbreak of COVID-19 in the last quarter of 2019/20.

BUSINESS REVIEW (continued)

Property Investment and Development (continued)

The Group's performance (continued)

Property investment (continued)

The Group's "Investment properties" were valued amounting to HK$2,149 million in aggregate as of 31 March 2020 (31 March 2019: HK$2,138 million) by an independent professional valuer. Based on the independent valuation performed, the Group recorded loss on changes in fair value of investment properties of approximately HK$151 million for the year ended 31 March 2020 (31 March 2019: approximately HK$93 million of net gain). The net increase in balance of "Investment properties" in this year was mainly resulted from the net effect of (i) the acquisition of and additions to the Wiltshire Road Property (as defined in this announcement) for a cost of HK$149 million (excluding stamp duty); (ii) the design, planning and alteration works did for other investment properties during this year for approximately HK$13 million; and (iii) the loss on changes in fair value of approximately HK$151 million.

Property development

The Group recognised nil revenue from property sales in this year (2019: HK$1,055 million). All sales of the "Pokfulam Peak" project were completed in previous years.

As at 31 March 2019 and 31 March 2020, the Group's "Properties held for sale" in the consolidated statement of financial position was referring to the only completed ready-for-sale property project "Belfran Peak", which is located at No. 9 Belfran Road, Kowloon. 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" included residential development projects at No. 1 & No. 1A Wood Road, Wanchai and No. 28 Lugard Road, The Peak. These two development projects are currently at their early stage of development and expected to be completed in the year of 2022 and 2023, respectively.

Provision of Finance

Market review

COVID-19 pandemic has driven the world's economy into a slowdown. Despite large-scale bailout packages have been introduced by governments and central banks around the world, it is uncertain when the global economy will be recovered. In Hong Kong, uncertain economic environment and increasing unemployment rate adversely affected the creditworthiness of corporations and individuals. The money lending market is inevitably facing an increasing risk of the loan default and delinquency in loan repayments.

BUSINESS REVIEW (continued)

Provision of Finance (continued)

The Group's performance

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 year, interest at rates ranging from approximately 2% to 30% per annum (2019: approximately 2% to 30% per annum) were charged to borrowers and interest income of approximately HK$11 million was earned (2019: approximately HK$20 million).

After accessing the credit risk and default risk of individual borrowers, and the securities held by the Group at current year end, the Group recognised an impairment (Expected Credit Losses, "**ECLs**") on loans and interest receivables for approximately HK$7 million for this year.

Other Income and Gains, Net

Other income and gains (net) recorded a decrease from approximately HK$180 million for the year ended 31 March 2019 to approximately HK$19 million for the year ended 31 March 2020. The decrease was mainly attributable to the loss on changes in fair value of the Group's investment properties for this year (the loss was included in "Other Expenses") when compared to the net gain of approximately HK$93 million for last year. Besides, the Group also recognised an onetime confiscated deposits and compensation income of approximately HK$75 million from a cancelled property transaction in last year.

Selling and Marketing Expenses

Expenses of this year and last year both represented respective advertising and marketing costs incurred for the marketing of the "Belfran Peak" project. Higher expenses were incurred in last year when this item also combined initial costs incurred for the design and production of sales brochure and project website.

Administrative Expenses

Administrative expenses increased from approximately HK$141 million for the year ended 31 March 2019 to approximately HK$224 million for the year ended 31 March 2020. The higher administrative expenses of current year was mainly due to the increase in directors' and staff related costs, depreciation, donations, and the costs incurred for preliminary study of property projects and the redevelopment of Man Shung Building.

Other Expenses

For the year ended 31 March 2020, other expenses represented (i) the onetime loss on derecognition of the entire net book value of the building portion of Man Shung Building of approximately HK$41 million, following the decision to demolish the Man Shung Building and redevelop the site at No. 7 Lai Yip Street, Kwun Tong, Kowloon; and (ii) the loss on changes in fair value of the Group's investment properties of approximately HK$151 million. The fair value loss was mainly due to drop of properties price and rent in Hong Kong.

BUSINESS REVIEW (continued)

Finance Costs

For the year ended 31 March 2020, the Group recognised approximately HK$43 million finance costs as expenses (2019: approximately HK$32 million) while the Group's total interest on bank loans before interest capitalisation to "Properties under development" was approximately HK$48 million (2019: approximately HK$37 million). The increase in overall finance costs was mainly caused by the increase in average bank loans and interest rates during this year.

Share of Profits and Losses of Joint Ventures

Share of profits and losses of joint ventures mainly represented the Group's share of profit from Gold Victory Resources Inc. ("**Gold Victory**") and its subsidiaries (collectively, the "**JV Group**"). For the year ended 31 March 2020, net profits (excluding accounting adjustment in relation to acquisition of the JV Group) shared by the Group from the JV Group amounted to approximately HK$5 million (2019: approximately HK$4 million for four months ended 31 March 2019).

To expand into new sector of the contract works business in trading and manufacturing of doors, door frames, furniture and other related products, Grand Superb Limited ("**Grand Superb**", an indirect wholly-owned subsidiary of Able Holdings) as the purchaser, acquired 50% interest in Gold Victory from Golden Stone Asia Inc. ("**Golden Stone**", a company controlled by Mr. WONG Kin Wah ("**Mr. WONG**", an independent third party)) on 30 November 2018. To streamline the operation and manage the operation risk, the JV Group disposed its manufacturing arm in The People's Republic of China ("**PRC**") at a gain in December 2019.

Pursuant to an equity transfer agreement (the "**Equity Transfer Agreement**") entered into between Grand Superb, Golden Stone and Mr. WONG on 30 November 2018, Mr. WONG irrevocably warrants and guarantees to Grand Superb that the actual profits of the JV Group for the period commencing from 1 December 2018 and ending on 31 March 2022 (the "**Profit Warranty Period**") shall not be less than the guaranteed profits (the "**Guaranteed Profits**") of HK$50 million (the "**Profit Warranty**"). In the event the total Guaranteed Profits are not achieved or reached for the entire Profit Warranty Period based on auditor's certification, Golden Stone shall pay Grand Superb 50% of the shortfall between the actual profits and the Guaranteed Profits, unless the shortfall is caused by the event of force majeure as defined in the Equity Transfer Agreement. The Profit Warranty constitutes a derivative financial instrument of the Group.

Due to disruption caused by outbreak of COVID-19, the accumulated amount of profit that the JV Group recognised from the date of acquisition up to 31 March 2020 was lower than that previously estimated by approximately HK$2 million. The Group will closely monitor the financial performance of the JV Group during the remaining Profit Warranty Period to ensure the Profit Warranty are met or remedy action has been taken according to the Equity Transfer Agreement.

BUSINESS REVIEW (continued)

Income Tax Expense

Income tax expense decreased by 87% from approximately HK$97 million for the year ended 31 March 2019 to approximately HK$13 million for this year. The decrease was consistent with the decrease in taxable profit for this year.

Profit/Loss Attributable to Owners of the Parent

As a result of the foregoing, the Group's profit/loss attributable to owners of the parent for this year recorded a decrease from a profit of approximately HK$705 million for the year ended 31 March 2019 to a loss of approximately HK$217 million of current year.

FINANCIAL REVIEW

Capital Structure, Liquidity and Financial Resources

The capital of the Company only comprises ordinary shares. The Group relies principally on its internally generated capital and bank borrowings to fund its business. As at 31 March 2020, 74% of its funding was derived from total equity and 26% from direct borrowings from banks.

The Group's banking facilities, comprising primarily bank loans, overdrafts and performance bonds, amounted to approximately HK$4,233 million as of 31 March 2020 (31 March 2019: approximately HK$3,825 million), of which approximately HK$2,534 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 31 March 2020, the Group's gearing and net gearing ratios were 37.9% and 15.1% (31 March 2019: 37.4% and 0.4%), respectively.

The Group's cash and cash equivalents recorded a decrease by 42% from approximately HK$1,552 million as at 31 March 2019 to approximately HK$900 million as at 31 March 2020. The drop was mainly due to the increase in restricted cash of HK$110 million, the acquisition of the Wiltshire Road Property (as defined in this announcement), the net repayment of bank loans and the net cash outflow from operating activities resulting from changes in working capital during the year.

Current ratio of the Group stood at 1.41 as at 31 March 2020, 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 a new substantial logistics centre project awarded to the joint operations in which a subsidiary of the Group is a joint operator will be commenced soon, and the Group's intention to acquire suitable land or projects to expand its property investment and development business, it is expected significant amount of cash would be consumed in the coming twelve months. The Group will continuously take a prudent and cautious approach to cash application and capital commitments.

FINANCIAL REVIEW (continued)

Interest and Foreign Exchange Exposure

The Group's business operations are principally engaged in Hong Kong, and certain operation of the JV Group was engaged in the PRC during the year. 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 31 March 2020, 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 year ended 31 March 2019 and 31 March 2020, the Group did not engage in any interest rates and currency hedging or speculation activities.

Non-current Prepayments and Other Assets

As at 31 March 2020, the deposits or prepayments was paid for acquisition of furniture and fixtures and alteration or fitting-out work for the property held by the Group amounted approximately HK$8 million.

Accounts Receivable

As at 31 March 2020, approximately 100% (31 March 2019: approximately 99%) of the Group's accounts receivable represented the receivables of 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 before the end of the reporting period and the amount of the progress payment certified by customers up to the end of the financial year. Approximately 93% of the contract trade receivables as at 31 March 2020 were subsequently settled by 31 May 2020 (31 March 2019: approximately 93% were subsequently settled by 31 May 2019).

Loans and Interest Receivables

As at 31 March 2020, the Group's gross loans and interest receivables bore interest at rates ranging from approximately 2% to 17% per annum (31 March 2019: approximately 2% to 30% per annum). At the end of this year, ECLs of approximately HK$7 million was provided for unsecured loans and interest receivables in default. The remaining balances at current year end were not yet fall due and were secured by properties. Loans receivable scheduled to be collected after 1 year from the year end date was classified as non-current assets.

Prepayment, Other Receivables and Other Assets

Both the Group's balances at 31 March 2019 and 31 March 2020 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.. Balance at current year end also composed of approximately HK$66 million stamp duty to be refunded from tax authority regarding certain redevelopment projects.

FINANCIAL REVIEW (continued)

Contract Assets

Balance at current year end represented retention of accounts receivable and unbilled revenue of approximately HK$168 million and HK$51 million (31 March 2019: approximately HK$162 million and HK$58 million), respectively, which the Group's rights to receipt such balance have not yet become unconditional under HKFRS 15.

Other Payables and Accruals

The Group's balances at 31 March 2020 mainly represented provision for contract works costs, staff costs payable, rental income received in advance and deposits received from tenants, and the current portion of "Lease liabilities" recognised under HKFRS 16. Decrease in balance in current year end was primarily resulted from decrease in provision for contract works costs. The non-current portion of "Lease liabilities" was separately disclosed in the consolidated statement of financial position.

Charges on Assets

At 31 March 2020, 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$2,149,000,000 (31 March 2019: HK$2,138,000,000);
- Property, plant and equipment with an aggregate carrying amount of HK$445,453,000 (31 March 2019: land and buildings 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$466,200,000 (31 March 2019: HK$445,846,000);
- properties held for sale with an aggregate carrying amount of nil (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$130,653,000 and HK$246,000 (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 HK$43,824,000 and HK$103,575,000 (31 March 2019: HK$23,255,000 and HK$57,871,000), respectively;
- restricted cash amounting to HK$110,000,000 (31 March 2019: nil); and
- certain bank deposits accounts maintained at the relevant banks with an aggregate carrying balance of HK$157,266,000 (31 March 2019: nil).

Contingent liabilities

Details of the Group's contingent liabilities are set out in note 16 to the financial statements.

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 (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 demolishing and 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 Rules Governing the Listing of Securities on The Stock Exchange (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, Rhythm Classic Limited (the "**Purchaser**", an indirect wholly-owned subsidiary of Able Holdings) entered into a framework agreement on 9 July 2019 (the "**Framework Agreement**") with an independent third party, (the "**Vendor**") 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**"). Pursuant to the Framework Agreement, the Possible Acquisition is conditional upon, among others, the fulfilment of the conditions as stated in the Framework Agreement (the "**Conditions Precedent**") within 180 days from the date of signing of the Framework Agreement, or such other period as duly agreed by both parties in writing (the "**Agreement Valid Period**").

As further disclosed in the joint announcement of the Company and Able Holdings dated 2 January 2020, given that additional time was required for the fulfillment of the Conditions Precedent, the Purchaser and the Vendor entered into a supplementary agreement on 2 January 2020 to extend the Agreement Valid Period to 2 July 2020 (or such other period as duly agreed by both parties in writing).

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 "**RICHREAR Vendor**") on 5 January 2018, pursuant to which, Profit Chain has conditionally agreed to acquire and the RICHREAR 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**").

Up to the approval date of this announcement, refundable deposits of HK$45 million in aggregate has been paid to the RICHREAR 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.

REDEVELOPMENT OF NO. 7 LAI YIP STREET

Our Able Group acquired the whole block of Man Shung Building located at No. 7 Lai Yip Street, Kwun Tong, Kowloon (the "**Site**") through several acquisition transactions in the year 2018/19. To unlock the potential value and/or gross floor area of the Site, the Group are planning to redevelop it into a new non-residential building.

In relation to redevelopment of the Site, formal written approval and permission, with conditions, was received from the Town Planning Board in relation to minor relaxation of (i) the plot ratio restriction from 12 to 14.4 (increased by 20%) under the present government policy to reactivate the revitalisation scheme for existing industrial buildings constructed before 1987; and (ii) the building height restriction from 100 mPD to 125.9 mPD (increased by 25.9%) on 7 January 2020 (the "**Permission**"). As at 31 March 2020, application had been made to the Lands Department ("**LandsD**") regarding proposed modification in land lease of the Site.

The detailed redevelopment plan of the Site is subject to, among others, the fulfillment of conditions of the Permission, the approval of LandsD, the payment of a land premium as may be imposed by LandsD and the final approval of the redevelopment plan of the Site by the Board and the board of directors of Able Holdings.

As at the date of approval of this announcement, demolition works of Man Shung Building was in progress.

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 31 March 2020 (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 year ended 31 March 2020 as follows:

	Net proceeds from the Listing *HK$'million*	Unused amount at 1 April 2019 *HK$'million*	Used in this year *HK$'million*	Unused amount at 31 March 2020 *HK$'million* *(Note)*
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

Note: Subsequent to the year ended 31 March 2020, the unused proceeds of HK$82 million was consumed for the purpose of "Maintaining and increasing the employed capital requirement and working capital requirement for future/new projects in the public sector" when a new project is awarded to "Build King-ABLE Joint Venture", a new joint operation in which the Group has 49% interest.

OUTLOOK

Facing the triple blow of the US-China trade tensions, the social unrest and the COVID-19 pandemic brought forward from 2019/20, it is expected that the year of 2020/21 will be challenging for Hong Kong and the Group.

Although China and the U.S has signed the "phase-one" trade deal in early 2020, the outbreak of COVID-19 in Hong Kong has appeared to be under control and the HKSAR Government has launched three rounds of measures to provide totaling HK$287.5 billion to assist the public and industries affected by COVID-19, Hong Kong is still expected to be under a difficult situation for an extended period as the deep-rooted social conflicts in Hong Kong and the worldwide outbreak of COVID-19 are unlikely to be resolved in short term.

OUTLOOK (continued)

Looking ahead, we expect the property market of retail, hospitality, commercial and high-end residential sectors in Hong Kong will continue to suffer a massive blow from the economic downturn and change in social and business practices due to COVID-19. Accordingly, the rental income of our investment properties and the selling price and profit of our ready-for-sale properties will be under pressure in the year 2020/21. We will be cautious about exploring investment opportunities to create favourable conditions for sustainable growth.

Regarding the contract works business, we believe the volume of construction contracts will be stable in the coming years as the industry is supported by both short-term and long-term measures of the HKSAR Government to increase land and housing supply. We expect the turnover from this segment in the coming year will be maintained with reference to the amount of expected outstanding contract values of the substantial contract works projects at current year end and that awarded subsequent to the year end. Contract works is one of the key business of the Group, we will continue to put sufficient resources in enhancing our work safety and work efficiency in order to stay competitive in the industry.

EMPLOYEES AND REMUNERATION POLICY

As of 31 March 2020, the Group employed 350 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 year ended 31 March 2020, the Company did not grant any share options under the 2011 Scheme to the Group's employees (including Directors) (2019: nil). As at 31 March 2020, 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 AGMs 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 31 March 2020, 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.

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2020.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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 year ended 31 March 2020.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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 year ended 31 March 2020.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2020 as set out in this announcement have been agreed by the Company's external auditor, Ernst & Young ("**EY**"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by EY in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by EY on this announcement.

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 the Group's consolidated financial statements for the year ended 31 March 2020, including the accounting principles and practices adopted by the Group and recommended to the Board for approval.

PUBLICATION OF RESULTS ANNOUNCEMENT AND DESPATCH OF ANNUAL REPORT

The annual 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 annual 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, 24 June 2020

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

Executive Directors
Mr. NGAI Chun Hung
Mr. YAU Kwok Fai

Non-executive Director
Dr. LEE Man Piu, Albert

Independent Non-executive Directors
Professor KO Jan Ming
The Hon. IP Kwok Him, *GBM*, *GBS*, *JP*
Mr. MONG Chan