

Interim Report 2013/14



**G-Vision International (Holdings) Limited**  
**環 科 國 際 集 團 有 限 公 司**

Stock Code : 657

## CORPORATE INFORMATION

### DIRECTORS

#### Executive Directors

Cheng Hop Fai

*(Chairman and Managing Director)*

Zhang Yunkun

Cheng Pak Ming, Judy

Cheng Pak Man, Anita

Cheng Pak Lai, Lily

#### Independent Non-executive Directors

Leung Tai Chiu

Law Toe Ming

Mark Yiu Tong, William

### COMPANY SECRETARY

Cheng Pak Ming, Judy

### PRINCIPAL BANKERS

The Hongkong and Shanghai Banking  
Corporation Limited

Hang Seng Bank Limited

Fubon Bank (Hong Kong) Limited

### AUDITORS

Deloitte Touche Tohmatsu

### HONG KONG LEGAL ADVISERS

Minter Ellison

### BERMUDA LEGAL ADVISERS

Conyers Dill & Pearman

### REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

### PRINCIPAL OFFICE

Units 101-108, 1st Floor

East Ocean Centre

98 Granville Road

Tsimshatsui East

Kowloon

Hong Kong

### PRINCIPAL REGISTRAR

Butterfield Fulcrum Group  
(Bermuda) Limited

26 Burnaby Street

Hamilton HM 11

Bermuda

### BRANCH REGISTRAR

Computershare Hong Kong Investor  
Services Limited

46th Floor

Hopewell Centre

183 Queen's Road East

Hong Kong

### CORPORATE WEBSITE

[www.g-vision.com.hk](http://www.g-vision.com.hk)

The Board of Directors of G-Vision International (Holdings) Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2013. The condensed interim financial information has not been audited, but has been reviewed by the Company’s auditors, Deloitte Touche Tohmatsu and the Company’s Audit Committee.

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2013

	Note	1.4.2013 to 30.9.2013 HK\$'000 (unaudited)	1.4.2012 to 30.9.2012 HK\$'000 (unaudited)
Turnover		40,207	40,813
Other income and other gains		2,918	1,535
Cost of inventories consumed		(14,683)	(14,778)
Staff costs		(15,107)	(15,137)
Operating lease rentals		(7,731)	(7,106)
Depreciation		(746)	(1,331)
Other operating expenses		(8,787)	(9,025)
Loss for the period	4	(3,929)	(5,029)
<b>Other comprehensive income (expense):</b>			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale investments		133	198
Reclassification to profit or loss upon disposal of available-for-sale investments		(32)	—
Total comprehensive expense for the period		(3,828)	(4,831)
Loss for the period attributable to:			
Owners of the Company		(3,929)	(5,029)
Non-controlling interests		—	—
		(3,929)	(5,029)
Total comprehensive expense attributable to:			
Owners of the Company		(3,828)	(4,831)
Non-controlling interests		—	—
		(3,828)	(4,831)
Basic loss per share	6	(HK0.20 cent)	(HK0.26 cent)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2013

	Notes	30.9.2013 HK\$'000 (unaudited)	31.3.2013 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	7	2,868	3,608
Available-for-sale investments	8	6,696	5,342
Property rental deposits		3,557	4,607
		<u>13,121</u>	<u>13,557</u>
Current assets			
Inventories		1,597	1,974
Trade and other receivables	9	34,460	34,491
Available-for-sale investments	8	2,586	2,573
Pledged bank deposits		1,007	1,006
Short-term bank deposits			
– with original maturity over three months		50,642	50,000
– with original maturity within three months		16,001	8,010
Bank balances and cash		12,516	24,096
		<u>118,809</u>	<u>122,150</u>
Current liabilities			
Trade and other payables	10	6,438	6,387
Net current assets		<u>112,371</u>	<u>115,763</u>
Net assets		<u>125,492</u>	<u>129,320</u>
Capital and reserves			
Share capital	11	193,941	193,941
Reserves		(68,449)	(64,621)
Equity attributable to owners of the Company		125,492	129,320
Non-controlling interests		–	–
Total equity		<u>125,492</u>	<u>129,320</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2013

	Attributable to owners of the Company							Total	Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Investment revaluation reserve	Share options reserve	Translation reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2012 (audited)	193,941	87,492	84,123	(462)	8,577	-	(236,829)	136,842	-	136,842
Loss for the year	-	-	-	-	-	-	(8,434)	(8,434)	-	(8,434)
Change in fair value of available-for-sale investments	-	-	-	957	-	-	-	957	-	957
Reclassification to profit or loss upon disposal of available-for-sale investments	-	-	-	(45)	-	-	-	(45)	-	(45)
Total comprehensive income (expense) for the year	-	-	-	912	-	-	(8,434)	(7,522)	-	(7,522)
Transfer upon expiry of share options	-	-	-	-	(781)	-	781	-	-	-
At 31 March 2013 and 1 April 2013 (audited)	193,941	87,492	84,123	450	7,796	-	(244,482)	129,320	-	129,320
Loss for the period	-	-	-	-	-	-	(3,929)	(3,929)	-	(3,929)
Change in fair value of available-for-sale investments	-	-	-	133	-	-	-	133	-	133
Reclassification to profit or loss upon disposal of available-for-sale investments	-	-	-	(32)	-	-	-	(32)	-	(32)
Total comprehensive income (expense) for the period	-	-	-	101	-	-	(3,929)	(3,828)	-	(3,828)
At 30 September 2013 (unaudited)	193,941	87,492	84,123	551	7,796	-	(248,411)	125,492	-	125,492

	Attributable to owners of the Company							Total	Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Investment revaluation reserve	Share options reserve	Translation reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2011 (audited)	193,941	87,492	84,123	(277)	10,156	(2,380)	(232,084)	140,971	17,143	158,114
(Loss) profit for the year	-	-	-	-	-	-	(7,378)	(7,378)	583	(6,795)
Change in fair value of available-for-sale investments	-	-	-	(1,685)	-	-	-	(1,685)	-	(1,685)
Reclassification adjustment relating to the impairment loss on available-for-sale investments	-	-	-	1,500	-	-	-	1,500	-	1,500
Exchange differences arising from translation of foreign operations	-	-	-	-	-	(505)	-	(505)	-	(505)
Exchange differences released upon deregistration of a subsidiary	-	-	-	-	-	2,885	-	2,885	-	2,885
Total comprehensive (expense) income for the year	-	-	-	(185)	-	2,380	(7,378)	(5,183)	583	(4,600)
Distribution to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	(17,726)	(17,726)
Transfer upon expiry of share options	-	-	-	-	(2,633)	-	2,633	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	1,054	-	-	1,054	-	1,054
At 31 March 2012 and 1 April 2012 (audited)	193,941	87,492	84,123	(462)	8,577	-	(236,829)	136,842	-	136,842
Loss for the period	-	-	-	-	-	-	(5,029)	(5,029)	-	(5,029)
Change in fair value of available-for-sale investments	-	-	-	198	-	-	-	198	-	198
Total comprehensive income (expense) for the period	-	-	-	198	-	-	(5,029)	(4,831)	-	(4,831)
Transfer upon expiry of share options	-	-	-	-	(380)	-	380	-	-	-
At 30 September 2012 (unaudited)	193,941	87,492	84,123	(264)	8,197	-	(241,478)	132,011	-	132,011

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months ended 30 September 2013

	<b>1.4.2013 to 30.9.2013 HK\$'000 (unaudited)</b>	1.4.2012 to 30.9.2012 HK\$'000 (unaudited)
Net cash used in operating activities	<b>(4,795)</b>	(6,074)
Net cash from (used in) investing activities		
Withdrawal of short-term bank deposits with original maturity over three months	<b>50,000</b>	–
Proceeds from disposal of available-for-sale investments	<b>12,824</b>	–
Interest received	<b>1,823</b>	1,374
Settlement of other receivables	<b>1,268</b>	6,119
Placement of short-term bank deposits with original maturity over three months	<b>(50,642)</b>	(30,488)
Purchase of available-for-sale investments	<b>(14,058)</b>	–
Purchase of property, plant and equipment	<b>(8)</b>	(4)
Other investing cash flows	<b>(1)</b>	(1)
	<b>1,206</b>	(23,000)
Net decrease in cash and cash equivalents	<b>(3,589)</b>	(29,074)
Cash and cash equivalents at beginning of the period	<b>32,106</b>	69,090
Cash and cash equivalents at end of the period	<b>28,517</b>	40,016
Analysis of balances of cash and cash equivalents		
Bank balances and cash	<b>12,516</b>	14,016
Short-term bank deposits with original maturity within three months	<b>16,001</b>	26,000
	<b>28,517</b>	40,016

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for available-for-sale investments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2013 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2013.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 to 2011 cycle
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
Amendments to HKAS 1	Presentation of items of other comprehensive income
HKAS 19 (Revised 2011)	Employee benefits
HKAS 27 (Revised 2011)	Separate financial statements
HKAS 28 (Revised 2011)	Investments in associates and joint ventures
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine



## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### **HKFRS 13 “Fair value measurement”**

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for “fair value” and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. The application of this HKFRS in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements. Disclosures of fair value information in accordance with the consequential amendments to HKAS 34 are set out in note 13.

### **Amendments to HKAS 1 “Presentation of items of other comprehensive income”**

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

### 3. SEGMENT INFORMATION

Financial information provided to the chief operating decision makers, being the executive directors, for performance assessment and resources allocation is based on the overall operating results and position of the Group which constitute the condensed consolidated statement of profit or loss and other comprehensive income and the condensed consolidated statement of financial position. Financial information regarding the segment for the six months ended 30 September 2013 and 2012 can be made reference to the results as set out in the condensed consolidated statement of profit or loss and other comprehensive income.

### 4. LOSS FOR THE PERIOD

	<b>1.4.2013 to 30.9.2013 HK\$'000</b>	1.4.2012 to 30.9.2012 HK\$'000
Loss for the period has been arrived at after charging (crediting):		
Depreciation	<b>746</b>	1,331
Interest income from:		
– Available-for-sale investments	<b>(250)</b>	(188)
– Others	<b>(1,573)</b>	(1,186)
Net exchange (gain) loss	<b>(1,064)</b>	757
	<u><u>          </u></u>	<u><u>          </u></u>

### 5. TAXATION

No provision for Hong Kong profits tax has been made in the condensed consolidated financial statements as the Group did not have assessable profit for both periods.

### 6. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period attributable to owners of the Company of HK\$3,929,000 (six months ended 30 September 2012: HK\$5,029,000) and on 1,939,414,108 shares (six months ended 30 September 2012: 1,939,414,108 shares) in issue during the period.

No diluted loss per share is presented for both periods since the exercise of share options would result in a decrease in loss per share.

### 7. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred HK\$8,000 mainly on the furniture and restaurant equipment for restaurant operations (six months ended 30 September 2012: HK\$4,000).

**8. AVAILABLE-FOR-SALE INVESTMENTS**

	<b>30.9.2013</b> <b>HK\$'000</b>	31.3.2013 <i>HK\$'000</i>
At fair value:		
Equity securities listed in Hong Kong	<b>920</b>	850
Debt securities listed in Hong Kong	<b>8,362</b>	7,065
	<b>9,282</b>	7,915
Analysed for reporting purposes as		
Current assets	<b>2,586</b>	2,573
Non-current assets	<b>6,696</b>	5,342
	<b>9,282</b>	7,915

**9. TRADE AND OTHER RECEIVABLES**

Most of the restaurant customers settled in cash and credit cards. The Group allows an average credit period of 60 days to other trade customers.

The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	<b>30.9.2013</b> <b>HK\$'000</b>	31.3.2013 <i>HK\$'000</i>
0 – 60 days	<b>1,058</b>	955

Included in trade and other receivables is an amount of RMB25,344,000 (equivalent to HK\$32,081,000) (31 March 2013: RMB25,741,000; equivalent to HK\$32,176,000) resulting from the disposal of investment properties located in the People's Republic of China during the year ended 31 March 2012. The amount is placed with a bank by a director under an arrangement that the director is obliged to follow the instructions of the Company with respect to the disposition of such amount.

**10. TRADE AND OTHER PAYABLES**

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	<b>30.9.2013</b> <b>HK\$'000</b>	31.3.2013 HK\$'000
0 – 60 days	<b>2,869</b>	2,415
More than 60 days	<b>24</b>	17
	<u><b>2,893</b></u>	<u>2,432</u>

**11. SHARE CAPITAL**

	<b>30.9.2013 &amp; 31.3.2013</b> <b>HK\$'000</b>
Authorised:	
5,000,000,000 ordinary shares of HK\$0.1 each	<u><b>500,000</b></u>
Issued and fully paid:	
1,939,414,108 ordinary shares of HK\$0.1 each	<u><b>193,941</b></u>

There were no changes in authorised, issued and fully paid share capital for both periods.

**12. SHARE OPTION SCHEMES**

The Company adopted a share option scheme on 22 August 2002 (the “2002 Scheme”). The Company by shareholders’ resolutions passed at the special general meeting held on 10 May 2010 adopted a new share option scheme (the “Current Scheme”) and terminated the 2002 Scheme. No further share options may be offered under the 2002 Scheme. However, any outstanding share options granted under the 2002 Scheme shall continue to be exercisable subject to the rules of the 2002 Scheme and the provisions of Chapter 17 of the Listing Rules. The Current Scheme shall be valid and effective until 8 May 2020.

Details of movements in the share options granted under the 2002 Scheme and the Current Scheme during the current interim period are set out below:

	<b>Outstanding at 30.9.2013 and 1.4.2013</b>
2002 Scheme	<b>17,273,610</b>
Current Scheme	<u><b>29,200,000</b></u>
	<u><b>46,473,610</b></u>

**12. SHARE OPTION SCHEMES** *(continued)*

No share options were granted to, nor exercised by, the Company's directors during the current interim period.

No share options were lapsed during the six months ended 30 September 2013 (six months ended 30 September 2012: HK\$380,000).

**13. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS****Fair value of the Group's financial assets that are measured at fair value on a recurring basis**

Some of the Group's financial assets are measured at fair value at the end of the reporting period. Information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which inputs to the fair value measurements are observable are set out below:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

<b>Financial assets</b>	<b>Fair value as at 30 September 2013 HK\$'000</b>	<b>Fair value hierarchy</b>	<b>Valuation technique(s) and key input(s)</b>
<i>Available-for-sale investments</i>			
– equity securities listed in Hong Kong	920	Level 1	Quoted bid prices in an active market
– debt securities listed in Hong Kong	8,362	Level 1	Quoted bid prices in an active market

There were no transfers between Levels 1, 2 and 3 in the current interim period.

#### 14. RELATED PARTY TRANSACTIONS

- (a) The Group leased certain premises for its restaurant operations from Homley Development Limited (“Homley”). Rentals charged by Homley during the current interim period amounted to HK\$2,100,000 (six months ended 30 September 2012: HK\$2,100,000). At 30 September 2013, rental deposit paid to Homley of HK\$1,050,000 (31 March 2013: HK\$1,050,000) was included in trade and other receivables (31 March 2013: property rental deposits – non-current portion). The monthly rental was determined by both parties with reference to market rent.

Certain directors who are also the key management personnel of the Company and beneficial owners of the ultimate holding company of the Group are beneficially interested in Homley.

- (b) The Group leased a unit of residential building from Hover City Industrial Limited (“Hover City”). Rental charged by Hover City during the current interim period amounted to HK\$468,000 (six months ended 30 September 2012: HK\$468,000). At 30 September 2013, rental deposit paid to Hover City of HK\$156,000 (31 March 2013: HK\$156,000) was included in property rental deposits – non-current portion. The monthly rental was determined by both parties with reference to market rent.

Certain directors who are also the key management personnel of the Company and beneficial owners of the ultimate holding company of the Group are beneficially interested in Hover City.

- (c) The Group leased an office from Sky Global Investments Limited (“Sky Global”). Rentals charged by Sky Global during the current interim period amounted to HK\$468,000 (six months ended 30 September 2012: HK\$468,000). At 30 September 2013, rental deposit paid to Sky Global of HK\$291,000 (31 March 2013: HK\$291,000) was included in property rental deposits – non-current portion. The monthly rental was determined by both parties with reference to market rent.

Certain directors who are also the key management personnel of the Company and beneficial owners of the ultimate holding company of the Group are beneficially interested in Sky Global.

- (d) The key management personnel are the executive directors of the Company. The remuneration of the Company’s executive directors during the current interim period amounted to HK\$2,065,500 (six months ended 30 September 2012: HK\$2,031,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Results

For the six months ended 30 September 2013, the Group recorded a consolidated turnover of approximately HK\$40.2 million, a slight decrease of approximately HK\$0.6 million or 1.5% compared to the last corresponding period.

The net loss for the period under review was approximately HK\$3.9 million, representing a decrease of HK\$1.1 million as compared to the net loss of approximately HK\$5.0 million in the last corresponding period.

### Review of Operations

Turnover from the restaurant operation amounted to approximately HK\$40.2 million for the period under review. The slight decrease in turnover by approximately HK\$0.6 million compared to previous year was mainly attributable to more intense and competitive market condition. Profit margin and staff costs for the restaurant business remained stable. The increment in rental costs by approximately HK\$0.6 million was offset by the decrease in depreciation of approximately HK\$0.6 million and other operating expenses.

The net loss for the Group, however, had improved by approximately HK\$1.1 million owing to the appreciation in value of the Group's Renminbi denominated bank deposits as well as the increase in interest income received during the period under review.

### Liquidity and Financial Resources

The Group's cash and bank balances (including pledged bank deposits) amounted to approximately HK\$80.2 million as at 30 September 2013. As the Group had no bank borrowings, the Group's gearing ratio was zero as at 30 September 2013 and 31 March 2013.

With the cash generated from the Group's operation in its ordinary course of business and the existing unutilised banking facilities and credit facilities, the Board of Directors consider that the Group has sufficient working capital for its operations.

### Foreign Exchange Exposure

Most of the Group's sales, purchases, cash and bank balances were denominated in Hong Kong dollars. The Group is exposed to foreign currency risk primarily through certain bank deposits and other receivables which were denominated in Renminbi. The management would closely monitor such risk and would consider hedging significant foreign currency exposure should the need arise.

### Employees and Remuneration Policies

The Group had approximately 150 employees as at 30 September 2013. Review of the employees' remuneration packages is normally conducted annually and as required from time to time. The salary and benefit levels of the Group's employees are competitive and individual performance is rewarded through the Group's bonus scheme. Other benefits including medical coverage and mandatory provident fund scheme are also provided to employees.

## INTERIM DIVIDEND

The Board of Directors has resolved not to declare any interim dividend for the six months ended 30 September 2013 (for the six months ended 30 September 2012: Nil).

## PROSPECTS

The performance of the restaurant business is expected to improve in the second half of the financial year as the upcoming festive season has always been the traditional high season for the food and beverage industry. The Group will continue to monitor its operating costs cautiously given the higher rentals, increasing food and staff costs. The Group reviews and revises its business strategies on a regular basis with the aim to better position itself to meet the challenges ahead and to capture any new opportunities as they arise.

## SHARE OPTIONS

The Company adopted a share option scheme on 22 August 2002 (the “2002 Scheme”). The Company by shareholders’ resolutions passed at the special general meeting held on 10 May 2010 has adopted a new share option scheme (the “Current Scheme”, and, together with the 2002 Scheme, the “Schemes”) and terminated the 2002 Scheme. No further share options may be offered under the 2002 Scheme. However, any outstanding share options granted under the 2002 Scheme shall continue to be exercisable subject to the rules of the 2002 Scheme and the provisions of Chapter 17 of the Listing Rules. The Current Scheme shall be valid and effective until 8 May 2020.

The purpose of the 2002 Scheme is to enable the Company to grant options to employees, directors, consultants, advisers and/or agents of the Company or any of its subsidiaries (the “2002 participants”) as incentives or rewards for their contribution to the Company or such subsidiaries.

The purpose of the Current Scheme is to recognize the commitments and contributions of the following eligible participants (the “Current Participants” and, together with the 2002 Participants, the “Participants”) by granting options to them as incentives or rewards:–

- (a) any employee or director (including executive director, non-executive director and independent non-executive director) of any member of the Group or any entity in which any member of the Group holds an equity interest (the “Invested Entity”);



**SHARE OPTIONS** (continued)

- (b) any advisor, consultant, professional, agent, contractor, customer, provider of goods and/or services, business or joint-venture partner of any member of the Group or any Invested Entity whom the Board of Directors in its sole discretion considers eligible for the Current Scheme on the basis of his or her contribution to the Group or the Invested Entity (as the case may be); and
- (c) any person whom the Board of Directors in its sole discretion considers has contributed or will contribute to the Group or to the Invested Entity (as the case may be).

At 30 September 2013, the number of shares in respect of which options had been granted and remained outstanding under the Schemes was 46,473,610 shares, representing 2.4% of the shares of the Company in issue as at that date. A summary of the said share options is set out below:

Option holders	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options		
				Outstanding as at 1.4.2013	Expired during the period	Outstanding as at 30.9.2013
Cheng Hop Fai	16.12.2009	16.12.2009 – 15.12.2015	0.185	6,900,000	–	6,900,000
	19.05.2010	19.05.2011 – 18.05.2017	0.420 <sup>(1)</sup>	5,000,000	–	5,000,000
Cheng Pak Ming, Judy	19.05.2010	19.05.2011 – 18.05.2017	0.420 <sup>(1)</sup>	4,250,000	–	4,250,000
Cheng Pak Man, Anita	19.05.2010	19.05.2011 – 18.05.2017	0.420 <sup>(1)</sup>	4,250,000	–	4,250,000
Zhang Yunkun	03.03.2008	03.03.2008 – 02.03.2014	0.308	10,373,610	–	10,373,610
	19.05.2010	19.05.2011 – 18.05.2017	0.420 <sup>(1)</sup>	10,000,000	–	10,000,000
Law Toe Ming	19.05.2010	19.05.2011 – 18.05.2017	0.420 <sup>(1)</sup>	1,900,000	–	1,900,000
Mark Yiu Tong, William	19.05.2010	19.05.2011 – 18.05.2017	0.420 <sup>(1)</sup>	1,900,000	–	1,900,000
Dong Demao	19.05.2010	19.05.2011 – 18.05.2017	0.420 <sup>(1)</sup>	1,900,000	–	1,900,000
				<u>46,473,610</u>	<u>–</u>	<u>46,473,610</u>

Note:

- (1) The closing price of the shares on 18 May 2010, the date immediately before the share options were offered, was HK\$0.425 per share. All the options granted on 19 May 2010 were vested on 19 May 2011.

## DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2013, the interests of the directors and the chief executives and their associates in the shares, underlying shares or debentures of the Company or any associated corporations which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO"); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange were as follows:

Name of director	Capacity and nature of interests		Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company
Cheng Hop Fai	Beneficiary of trusts (note 1)		1,450,037,841	74.76%
Cheng Pak Ming, Judy	Beneficiary of trusts (note 1)		1,450,037,841	74.76%
Cheng Pak Man, Anita	Beneficiary of trusts (note 1)		1,450,037,841	74.76%
Cheng Pak Lai, Lily	Beneficiary of trusts (note 1)		1,450,037,841	74.76%
Law Toe Ming	Interest of controlled corporation (note 2)		2,000,000	0.10%

Notes:

- (1) Golden Toy Investments Limited ("Golden Toy") and Kong Fai International Limited ("Kong Fai") held 172,869,780 shares (or 8.91% interest) and 1,277,168,061 shares (or 65.85% interest) of the Company, respectively. Golden Toy and Kong Fai are wholly-owned by two discretionary trusts of which family members of Mr. Cheng Hop Fai, including Mr. Cheng Hop Fai, Ms. Cheng Pak Ming, Judy, Ms. Cheng Pak Man, Anita and Ms. Cheng Pak Lai, Lily are discretionary objects.
- (2) Mr. Law Toe Ming is deemed to be interested in the 2,000,000 shares held by Jubilee Trade Holdings Limited ("Jubilee") by virtue of his interest in Jubilee.

Save as disclosed above and in the section titled "Share Options", as at 30 September 2013, none of the directors and the chief executives of the Company was, under Divisions 7 and 8 of Part XV of the SFO, taken to be interested or deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations which (a) would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or (b) which were required to be entered into the register referred to therein pursuant to Section 352 of the SFO, or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed above in respect of certain directors, as at 30 September 2013, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO indicated that the following persons had notified the Company of interests or short positions in the issued share capital of the Company which fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Name	Capacity and nature of interest	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company
Golden Toy	Beneficial owner	172,869,780 <sup>(1)</sup>	8.91%
Kong Fai	Beneficial owner	1,277,168,061 <sup>(1)</sup>	65.85%
Fiducia Suisse SA	Trustee of trusts	1,450,037,841 <sup>(1)</sup>	74.76%
David Henry Christopher Hill	Interest of controlled corporation	1,450,037,841 <sup>(2)</sup>	74.76%
Rebecca Ann Hill	Interest of spouse	1,450,037,841 <sup>(3)</sup>	74.76%

Notes:

- (1) Fiducia Suisse SA is deemed under the SFO to have an interest in the same 1,450,037,841 shares, in aggregate, beneficially owned by Golden Toy and Kong Fai by virtue of it being the trustee of two discretionary trusts which own 100% of the shares of Golden Toy and Kong Fai.
- (2) The individual substantial shareholder notice filed by David Henry Christopher Hill indicated that he is deemed to be interested in the 1,450,037,841 shares under the SFO by virtue of his interest held in Fiducia Suisse SA.
- (3) The individual substantial shareholder notice filed by Rebecca Ann Hill indicated that her deemed interest in the 1,450,037,841 shares represents the interest of her spouse David Henry Christopher Hill.

Save as disclosed above, the directors are not aware of any other persons who, as at 30 September 2013, had any interests or short positions in the shares or underlying shares of the Company that were required to be entered into the register kept by the Company pursuant to Section 336 of the SFO.

## PURCHASE, SALE OR REDEMPTION OF SHARES

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the period under review.

## CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code contained in Appendix 14 (the “Code”) to the Listing Rules as its own corporate governance code. The Company has complied with the Code provisions set out in the Code throughout the period ended 30 September 2013 except for Code provision A.2.1 in respect of the role separation of the chairman and the chief executive; Code provision A.4.1 in respect of the service term of non-executive directors (“NEDs”); Code provision A.5.6 in respect of a policy on board diversity and Code provision D.1.4 in respect of the letters of appointment for directors.

Code provision A.2.1 sets out that the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. Currently, Mr. Cheng Hop Fai assumes the role of both the Chairman and the Managing Director (equivalent to the role of a chief executive) of the Company. The Board of Directors considers that such arrangement will not result in undue concentration of power and is, at this stage, conducive to the efficient formulation and implementation of the Group’s strategies thus allowing the Group to develop its business more effectively.

Code provision A.4.1 stipulates that NEDs should be appointed for a specific term, subject to re-election. The independent non-executive directors (“INEDs”) of the Company are not appointed for a specific term. This constitutes a deviation from the Code provision A.4.1. However, as all the INEDs of the Company are subject to retirement by rotation at the annual general meetings of the Company at least once every three years in accordance with the Company’s Bye-laws, in the opinion of the directors, this meets the objective of the Code provision A.4.1.

Code provision A.5.6 stipulates that the Nomination Committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report. Although the Code provision came into effect on 1 September 2013, a policy on board diversity was only formally adopted by the Board of Directors on 27 November 2013 as the Board of Directors has taken more time to discuss and formulate the policy for the Company.

Code provision D.1.4 sets out that issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for certain directors. All of the directors of the Company are, however, required to refer to the guidelines set out in “A Guide on Directors’ Duties” issued by the Companies Registry and “Guidelines for Directors” and “Guide for Independent Non-Executive Directors” published by the Hong Kong Institute of Directors in performing their duties and responsibilities as directors of the Company. In the opinion of the directors, this meets the objective of the Code provision D.1.4.

### **AUDIT COMMITTEE**

The members of the Audit Committee are Mr. Leung Tai Chiu as the chairman, Mr. Law Toe Ming and Mr. Mark Yiu Tong, William, all are INEDs of the Company. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed with the Board of Directors the internal control and financial reporting matters including the unaudited interim financial statements for the six months ended 30 September 2013.

### **REMUNERATION COMMITTEE**

Pursuant to Rule 3.25, the Company has established a Remuneration Committee comprising the three INEDs, namely Mr. Law Toe Ming as the chairman, Mr. Leung Tai Chiu and Mr. Mark Yiu Tong, William as members. The terms of reference of the Remuneration Committee are consistent with the Code provisions. The principal function of the Remuneration Committee is to make recommendation to the Board of Directors on the Group's policy and structure for the remuneration of directors and senior management.

### **NOMINATION COMMITTEE**

Pursuant to Code provision A.5.1, the Company has established a Nomination Committee comprising Mr. Cheng Hop Fai as the chairman and the two INEDs namely Mr. Law Toe Ming and Mr. Mark Yiu Tong, William as members. The terms of reference of the Nomination Committee are consistent with the Code provisions. New directors, being individuals who are suitably qualified and expected to make a positive contribution to the performance of the Board having regard to the individuals' skills, experience, professional knowledge and time commitments as well as the balance of skills and experience appropriate to the Company's business, are identified and submitted to the Board of Directors or shareholder for approval either to fill vacancies on the Board of Directors or to be appointed as additional directors.

### **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors. Following specific enquiry by the Company, all the directors have confirmed that they have complied with the required standards as set out in the Model Code during the six months ended 30 September 2013.

By Order of the Board  
**Cheng Hop Fai**  
*Chairman*

Hong Kong, 27 November 2013