

Interim Report 2014/15



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 PLACE OF BUSINESS

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

The board of directors (the “Board”) of G-Vision International (Holdings) Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2014, together with comparative figures for the corresponding period ended 30 September 2013. The condensed interim financial information has not been audited, but has been reviewed by the Company’s auditor, 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 2014

	Notes	1.4.2014 to 30.9.2014 HK\$'000 (unaudited)	1.4.2013 to 30.9.2013 HK\$'000 (unaudited)
Turnover		44,036	40,207
Other income and other gains		2,765	2,918
Cost of inventories consumed		(15,135)	(14,683)
Staff costs		(16,204)	(15,107)
Operating lease rentals		(7,375)	(7,731)
Depreciation		(746)	(746)
Other operating expenses		(9,140)	(8,787)
Loss for the period attributable to owners of the Company	4	(1,799)	(3,929)
Other comprehensive income (expense):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Change in fair value of available-for-sale investments		(24)	133
Reclassification to profit or loss upon disposal of available-for-sale investments		(101)	(32)
Other comprehensive (expense) income for the period		(125)	101
Total comprehensive expense for the period attributable to owners of the Company		(1,924)	(3,828)
Basic loss per share	6	(HK0.09 cent)	(HK0.20 cent)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2014

	Notes	30.9.2014 HK\$'000 (unaudited)	31.3.2014 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	7	1,376	2,122
Available-for-sale investments	8	6,104	4,173
Property rental deposits		4,160	3,110
		<u>11,640</u>	<u>9,405</u>
Current assets			
Inventories		1,496	1,572
Trade and other receivables	9	34,522	34,841
Available-for-sale investments	8	2,835	5,336
Investments in certificates of deposit		2,532	18,125
Pledged bank deposits		1,009	1,008
Short-term bank deposits			
– with original maturity over three months		51,220	35,685
– with original maturity within three months		9,801	8,049
Bank balances and cash		11,307	13,760
		<u>114,722</u>	<u>118,376</u>
Current liabilities			
Trade and other payables	10	6,884	6,379
Net current assets		<u>107,838</u>	<u>111,997</u>
Net assets		<u>119,478</u>	<u>121,402</u>
Capital and reserves			
Share capital	11	193,941	193,941
Reserves		(74,463)	(72,539)
Total equity		<u>119,478</u>	<u>121,402</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2014

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Investment revaluation reserve HK\$'000	Share options reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2013 (audited)	193,941	87,492	84,123	450	7,796	(244,482)	129,320
Loss for the year	-	-	-	-	-	(7,687)	(7,687)
Change in fair value of available-for-sale investments	-	-	-	73	-	-	73
Reclassification to profit or loss upon disposal of available-for-sale investments	-	-	-	(304)	-	-	(304)
Total comprehensive expense for the year	-	-	-	(231)	-	(7,687)	(7,918)
Transfer upon expiry of share options	-	-	-	-	(1,610)	1,610	-
At 31 March 2014 and 1 April 2014 (audited)	193,941	87,492	84,123	219	6,186	(250,559)	121,402
Loss for the period	-	-	-	-	-	(1,799)	(1,799)
Change in fair value of available-for-sale investments	-	-	-	(24)	-	-	(24)
Reclassification to profit or loss upon disposal of available-for-sale investments	-	-	-	(101)	-	-	(101)
Total comprehensive expense for the period	-	-	-	(125)	-	(1,799)	(1,924)
At 30 September 2014 (unaudited)	<u>193,941</u>	<u>87,492</u>	<u>84,123</u>	<u>94</u>	<u>6,186</u>	<u>(252,358)</u>	<u>119,478</u>

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2014

	1.4.2014 to 30.9.2014 HK\$'000 (unaudited)	1.4.2013 to 30.9.2013 HK\$'000 (unaudited)
Net cash used in operating activities	<u>(2,415)</u>	<u>(4,795)</u>
Net cash from (used in) investing activities		
Withdrawal of short-term bank deposits with original maturity over three months	28,084	50,000
Withdrawal of investments in certificates of deposit	18,125	–
Proceeds from disposal of available-for-sale investments	9,425	12,824
Interest received	1,111	1,823
Placement of short-term bank deposits with original maturity over three months	(43,619)	(50,642)
Purchase of available-for-sale investments	(8,879)	(14,058)
Investments in certificates of deposit	(2,532)	–
Settlement of other receivables	–	1,268
Purchase of property, plant and equipment	–	(8)
Other investing cash flows	(1)	(1)
	<u>1,714</u>	<u>1,206</u>
Net decrease in cash and cash equivalents	(701)	(3,589)
Cash and cash equivalents at beginning of the period	<u>21,809</u>	<u>32,106</u>
Cash and cash equivalents at end of the period	<u>21,108</u>	<u>28,517</u>
Analysis of balances of cash and cash equivalents		
Bank balances and cash	11,307	12,516
Short-term bank deposits with original maturity within three months	9,801	16,001
	<u>21,108</u>	<u>28,517</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

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 (“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 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2014.

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) – INT 21	Levies

The application of these new interpretation or amendments to 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 2014 and 2013 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

	1.4.2014 to 30.9.2014 HK\$'000	1.4.2013 to 30.9.2013 HK\$'000
Loss for the period has been arrived at after charging (crediting):		
Depreciation	746	746
Interest income from:		
– Available-for-sale investments	(274)	(250)
– Others	(1,318)	(1,573)
Net exchange gain	(1,058)	(1,064)

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\$1,799,000 (six months ended 30 September 2013: HK\$3,929,000) and on 1,939,414,108 shares (six months ended 30 September 2013: 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 six months ended 30 September 2014, the Group did not incur any amount on property, plant and equipment.

During the six months ended 30 September 2013, the Group incurred HK\$8,000 mainly on furniture and restaurant equipment for the restaurant operations.

8. AVAILABLE-FOR-SALE INVESTMENTS

	30.9.2014 HK\$'000	31.3.2014 HK\$'000
At fair value:		
Equity securities listed in Hong Kong	683	1,329
Debt securities listed in Hong Kong	8,256	8,180
	8,939	9,509
Analysed for reporting purposes as		
Current assets	2,835	5,336
Non-current assets	6,104	4,173
	8,939	9,509

9. TRADE AND OTHER RECEIVABLES

Most of the restaurant customers settle in cash or credit cards. The Group allows an average credit period of 60 days to other trade customers including travel agencies.

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

	30.9.2014 HK\$'000	31.3.2014 HK\$'000
0 – 60 days	1,323	683
61 – 90 days	–	100
	1,323	783

Included in trade and other receivables is an amount of RMB25,424,000 (equivalent to HK\$32,182,000) (31 March 2014: RMB25,044,000; equivalent to HK\$31,305,000) 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 of the Company 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:

	30.9.2014 <i>HK\$'000</i>	31.3.2014 <i>HK\$'000</i>
0 – 60 days	3,227	2,454
More than 60 days	40	38
	<u>3,267</u>	<u>2,492</u>

11. SHARE CAPITAL

	30.9.2014 & 31.3.2014 <i>HK\$'000</i>
Authorised:	
5,000,000,000 ordinary shares of HK\$0.1 each	<u>500,000</u>
Issued and fully paid:	
1,939,414,108 ordinary shares of HK\$0.1 each	<u>193,941</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:

	Outstanding at 1.4.2014 and 30.9.2014
2002 Scheme	6,900,000
Current Scheme	<u>27,300,000</u>
	<u>34,200,000</u>

12. SHARE OPTION SCHEMES *(continued)*

No share options were granted to, nor exercised by, the Company's directors during the current interim period (six months ended 30 September 2013: nil).

No share option were lapsed during the six months ended 30 September 2014 (six months ended 30 September 2013: nil).

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. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used).

Financial assets	Fair value		Fair value hierarchy	Valuation techniques and key inputs
	30.9.2014 HK\$'000	31.3.2014 HK\$'000		
<i>Available-for-sale investments</i>				
– equity securities listed in Hong Kong	683	1,329	Level I	Quoted bid prices in an active market
– debt securities listed in Hong Kong	8,256	8,180	Level I	Quoted bid prices in an active market

There were no transfers between Levels 1, 2 and 3 during both periods.

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\$1,750,000 (six months ended 30 September 2013: HK\$2,100,000). At 30 September 2014, rental deposit paid to Homley of HK\$1,050,000 was included in non-current property rental deposits (31 March 2014: HK\$1,050,000 included in trade and other receivables). At 30 September 2014, no accrued rental was payable to Homley (31 March 2014: nil). 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.

14. RELATED PARTY TRANSACTIONS *(continued)*

- (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 2013: HK\$468,000). At 30 September 2014, rental deposit paid to Hover City of HK\$156,000 was included in trade and other receivables (31 March 2014: HK\$156,000 included in trade and other receivables). At 30 September 2014, no accrued rental was payable to Hover City (31 March 2014: nil). 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 2013: HK\$468,000). At 30 September 2014, rental deposit paid to Sky Global of HK\$291,000 was included in trade and other receivables (31 March 2014: HK\$291,000 included in trade and other receivables). At 30 September 2014, no accrued rental was payable to Sky Global (31 March 2014: nil). 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 2013: HK\$2,065,500).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the six months ended 30 September 2014, the Group recorded a consolidated turnover of approximately HK\$44.0 million, an increase of approximately HK\$3.8 million or 9.5% compared to the last corresponding period.

The net loss for the period under review was approximately HK\$1.8 million, representing a decrease of HK\$2.1 million as compared to the net loss of approximately HK\$3.9 million in the last corresponding period.

Review of Operations

Turnover from the restaurant operation improved by approximately HK\$3.8 million and amounted to approximately HK\$44.0 million for the period under review. Our Tsim Sha Tsui branch recorded a double-digit growth in turnover and contributed approximately HK\$2.3 million improvement in the Group's turnover, partly due to improved sales from our tourists' and corporate patrons and partly due to the positive result from the implementation of some price adjustments to compensate the rise in operating costs. Our Cheung Sha Wan Plaza branch also recorded approximately HK\$1.5 million growth in turnover amid the more intensified competition in the surrounding areas.

The decline in net loss by approximately HK\$2.1 million was mainly attributable to the improvement in both the turnover and the gross profit margin during the period under review. However, the positive impact from increased sales was partially offset by approximately HK\$1.1 million rise in labour costs.

Liquidity and Financial Resources

The Group's cash and bank balances (including pledged bank deposits) amounted to approximately HK\$73.3 million as at 30 September 2014. As the Group had no bank borrowings, the Group's gearing ratio was zero as at 30 September 2014 and 31 March 2014.

With the Group's current cash and bank balances together with the existing unutilised banking and credit facilities, the directors consider that the Group has sufficient working capital for its operations.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

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

As at 30 September 2014, the Group had approximately 150 staff. 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 2014 (for the six months ended 30 September 2013: 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. However, the "Occupy Movement" which started in early October this year had affected the number of tourists visiting Hong Kong and also hindered local consumption sentiment, thus resulting in some losses in business for our restaurants. The Group will continue to monitor its operating costs cautiously given the escalating rental and labour costs. Price adjustments seem to be inevitable in view of the inflationary pressure on our operating costs. Nevertheless, the Group will continue to review and revise its business strategies on a regular basis with the aim to better position itself to meet the challenges ahead and to capture any new investment 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”);
- (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).

SHARE OPTIONS *(continued)*

As at 30 September 2014, the number of shares in respect of which options had been granted and remained outstanding under the Schemes was 34,200,000 shares, representing approximately 1.8% 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 1.4.2014	Expired during the period	Outstanding as at 30.9.2014
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 ⁽¹⁾	5,000,000	–	5,000,000
Cheng Pak Ming, Judy	19.05.2010	19.05.2011 – 18.05.2017	0.420 ⁽¹⁾	4,250,000	–	4,250,000
Cheng Pak Man, Anita	19.05.2010	19.05.2011 – 18.05.2017	0.420 ⁽¹⁾	4,250,000	–	4,250,000
Zhang Yunkun	19.05.2010	19.05.2011 – 18.05.2017	0.420 ⁽¹⁾	10,000,000	–	10,000,000
Law Toe Ming	19.05.2010	19.05.2011 – 18.05.2017	0.420 ⁽¹⁾	1,900,000	–	1,900,000
Mark Yiu Tong, William	19.05.2010	19.05.2011 – 18.05.2017	0.420 ⁽¹⁾	1,900,000	–	1,900,000
				<u>34,200,000</u>	<u>–</u>	<u>34,200,000</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 2014, 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 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 2014, none of the directors and the chief executive 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 2014, 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 ⁽¹⁾	8.91%
Kong Fai	Beneficial owner	1,277,168,061 ⁽¹⁾	65.85%
Fiducia Suisse SA	Trustee of trusts	1,450,037,841 ⁽¹⁾	74.76%
David Henry Christopher Hill	Interest of controlled corporation	1,450,037,841 ⁽²⁾	74.76%
Rebecca Ann Hill	Interest of spouse	1,450,037,841 ⁽³⁾	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 2014, 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 six months period ended 30 September 2014 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"); 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 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 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 audit committee comprised the three INEDs, namely, Mr. Leung Tai Chiu as the chairman, and Mr. Law Toe Ming and Mr. Mark Yiu Tong, William as members. The terms of reference of the audit committee are consistent with the code provisions. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed with the Board the internal control and financial reporting matters including the unaudited interim financial statements for the six months ended 30 September 2014.

REMUNERATION COMMITTEE

Pursuant to Rule 3.25 of the Listing Rules, 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 on the Group's policy and structure for the remuneration of directors and senior management.

NOMINATION COMMITTEE

Pursuant to code provision A.5.1 set out in the Code, the Company has established a nomination committee comprising Mr. Cheng Hop Fai as the chairman and 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. The principal function of the nomination committee is to review the structure, size, composition and diversity of the board at least annually with reference to the business needs and development of the Company and make recommendations to the Board on any proposed changes to the Board to complement the Group's corporate strategy.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted 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 of the Company confirmed that they have complied with the required standards as set out in the Model Code during the six months ended 30 September 2014.

By Order of the Board
Cheng Hop Fai
Chairman

Hong Kong, 19 November 2014