



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

Stock Code : 657

INTERIM REPORT
2019/20

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Cheng Hop Fai

(Chairman and Managing Director)

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

(resigned on 18 June 2019)

Hung Chi Yuen, Andrew

(appointed on 18 June 2019)

COMPANY SECRETARY

Cheng Pak Ming, Judy

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

Hang Seng Bank Limited

Fubon Bank (Hong Kong) Limited

Industrial and Commercial Bank of China (Asia) Limited

AUDITOR

RSM Hong Kong

HONG KONG LEGAL ADVISERS

MinterEllison LLP

BERMUDA LEGAL ADVISERS

Conyers Dill & Pearman

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Hamilton HM 11

Bermuda

PRINCIPAL PLACE OF BUSINESS

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Hong Kong

PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda)

Limited

4th floor North

Cedar House

41 Cedar Avenue

Hamilton HM 12

Bermuda

BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor

Services Limited

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CORPORATE WEBSITE

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INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF G-VISION INTERNATIONAL (HOLDINGS) LIMITED

(Incorporated in the Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 5 to 21 which comprises the condensed consolidated statement of financial position of the Company and its subsidiaries as at 30 September 2019 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

RSM Hong Kong
Certified Public Accountants
Hong Kong

29 November 2019

The board of directors 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 2019, together with the comparative results. The condensed consolidated interim results have not been audited, but have been reviewed by the Company’s auditor, RSM Hong Kong, and the Company’s audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2019

		Six months ended 30 September	
	Note	2019 HK\$’000 (Unaudited)	2018 HK\$’000 (Unaudited)
Revenue	4	36,579	41,929
Cost of inventories consumed		(11,604)	(13,477)
Gross profit		24,975	28,452
Other income and other gains and losses		890	790
Staff costs		(16,128)	(17,686)
Operating lease rentals		–	(8,707)
Depreciation		(7,949)	(21)
Other operating expenses		(8,982)	(9,514)
Loss from operations		(7,194)	(6,686)
Finance costs		(2,387)	–
Loss before tax		(9,581)	(6,686)
Income tax expense	5	–	–
Loss for the period attributable to owners of the Company	6	(9,581)	(6,686)

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

For the six months ended 30 September 2019

		Six months ended 30 September	
		2019	2018
Note		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
	Fair value changes of equity investments at fair value through other comprehensive income ("FVTOCI")	(188)	(298)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
	Fair value changes of debt instruments at FVTOCI	—	(79)
Other comprehensive income for the period, net of tax		(188)	(377)
Total comprehensive income for the period attributable to owners of the Company		(9,769)	(7,063)
Loss per share			
	– Basic (HK\$ cents)	(0.49)	(0.34)
	– Diluted (HK\$ cents)	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Note	As at 30 September 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	9	3,729	2,104
Right-of-use assets		45,407	–
Property rental deposits		4,214	5,294
Total non-current assets		53,350	7,398
Current assets			
Inventories		1,275	1,052
Trade and other receivables	10	1,935	1,660
Property rental deposits		1,080	–
Equity instruments as at FVTOCI	11	1,150	1,338
Pledged bank deposits		415	415
Short-term bank deposits			
– with original maturity over three months		–	2,503
– with original maturity within three months		60,532	61,464
Bank and cash balances		5,522	12,273
Total current assets		71,909	80,705
TOTAL ASSETS		125,259	88,103
EQUITY			
Share capital	12	194,631	194,631
Reserves		(123,805)	(114,341)
Total equity		70,826	80,290

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 September 2019

	Note	As at 30 September 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Audited)
Non-current liabilities			
Lease liabilities		35,670	—
Total non-current liabilities		35,670	—
Current liabilities			
Trade and other payables	13	7,202	7,813
Lease liabilities		11,561	—
Total current liabilities		18,763	7,813
TOTAL EQUITY AND LIABILITIES		125,259	88,103
Net current assets		53,146	72,892
Total assets less current liabilities		106,496	80,290

Approved by the Board of Directors on 29 November 2019:

Cheng Hop Fai
Director

Cheng Pak Man, Anita
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Attributable to owners of the Company						Total HK\$'000
	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	
At 1 April 2018 (audited)	194,631	88,794	84,123	327	1,470	(277,058)	92,287
Total comprehensive income for the period	-	-	-	-	-	(6,686)	(6,686)
Change in fair value of equity instruments at FVTOCI	-	-	-	(298)	-	-	(298)
Change in fair value of debt instruments at FVTOCI	-	-	-	(79)	-	-	(79)
Share-based payments	-	-	-	-	736	-	736
Changes in equity for the period	-	-	-	(377)	736	(6,686)	(6,327)
At 30 September 2018 (unaudited)	<u>194,631</u>	<u>88,794</u>	<u>84,123</u>	<u>(50)</u>	<u>2,206</u>	<u>(283,744)</u>	<u>85,960</u>
At 1 April 2019 (audited)	<u>194,631</u>	<u>88,794</u>	<u>84,123</u>	<u>39</u>	<u>2,563</u>	<u>(289,860)</u>	<u>80,290</u>
Total comprehensive income for the period	-	-	-	-	-	(9,581)	(9,581)
Change in fair value of equity instruments at FVTOCI	-	-	-	(188)	-	-	(188)
Share-based payments	-	-	-	-	305	-	305
Changes in equity for the period	-	-	-	(188)	305	(9,581)	(9,464)
At 30 September 2019 (Unaudited)	<u>194,631</u>	<u>88,794</u>	<u>84,123</u>	<u>(149)</u>	<u>2,868</u>	<u>(299,441)</u>	<u>70,826</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Net cash used in operating activities	(6,571)	(7,058)
Purchases of property, plant and equipment	(1,978)	(24)
Withdrawal of short-term bank deposits with original maturity over three months	2,503	52,426
Placement of short-term bank deposits with original maturity over three months	–	(13,953)
Interest received	750	790
Net cash generated from investing activities	1,275	39,239
Finance costs	(2,387)	–
Net cash used in financing activities	(2,387)	–
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(7,683)	32,181
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	73,737	17,781
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	66,054	49,962
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	5,522	8,058
Short-term bank deposits with original maturity within three months	60,532	41,904
	66,054	49,962

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

1. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”).

These condensed financial statements should be read in conjunction with the 2018/19 annual financial statements. The accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2019 except as stated below.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2019. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has initially adopted HKFRS 16 Leases from 1 April 2019. A number of other new standards are effective from 1 April 2019 but they do not have a material effect on the Group’s consolidated financial statements.

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. HKFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Group has applied HKFRS 16 using the modified retrospective approach to operating lease commitment that existed at 1 April 2019 in accordance with the transition requirements. Comparative information has not been restated and continues to be reported under HKAS 17. The details of the changes in accounting policies are disclosed below.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

HKFRS 16 Leases *(Continued)*

(a) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under HK(IFRIC)-Int 4. The Group now assesses whether a contract is or contains a lease based on the 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.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(b) As a lessee

The Group leases many properties, including office, restaurants and director's quarter.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under HKFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for leases with remaining lease terms of less than 12 months from 31 March 2019 and for some leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

HKFRS 16 Leases *(Continued)*

(b) *As a lessee (Continued)*

The recognised right-of-use assets relate to the following types of assets:

	30 September 2019 HK\$'000	1 April 2019 HK\$'000
Properties	45,407	53,004

Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

HKFRS 16 Leases (Continued)

(b) As a lessee (Continued)

Transition

Previously, the Group classified property leases as operating leases under HKAS 17.

At transition, for leases classified as operating leases under HKAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, and discounted using the lessee's incremental borrowing rate at the date of initial application.

The Group used the following practical expedients when applying HKFRS 16 to leases previously classified as operating leases under HKAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

(c) Impacts of financial statements

Impact on transition

On transition to HKFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition as at 1 April 2019 is summarised below.

	At 31 March 2019 HK\$'000	Impact on initial application of HKFRS 16 HK\$'000	At 1 April 2019 HK\$'000
Non-current assets			
Right-of-use assets	–	53,004	53,004
Non-current liabilities			
Lease liabilities	–	(40,183)	(40,183)
Current liabilities			
Lease liabilities	–	(12,821)	(12,821)

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

HKFRS 16 Leases (Continued)

(c) Impacts of financial statements (Continued)

Impact on transition (Continued)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate with the range from 7.50% to 9.65% at 1 April 2019.

	1 April 2019
	<i>HK\$'000</i>
Operating lease commitment as at 31 March 2019 under HKAS 17	30,298
Add/less: Adjustments as a result of a different treatment of extension and termination options	<u>46,711</u>
Adjusted operating lease commitment as at 31 March 2019 under HKAS 17	77,009
Less: Total future interest expenses under HKFRS 16	<u>(24,005)</u>
Lease liabilities recognised as at 1 April 2019 under HKFRS 16	<u>53,004</u>
Representing:	
Non-current lease liabilities	40,183
Current lease liabilities	<u>12,821</u>
	<u>53,004</u>

Impacts for the period

As a result of initially applying HKFRS 16, in relation to the leases that were previously classified as operating leases under HKAS 17, the Group recognised right-of-use assets of HK\$45,407,000 and lease liabilities of HK\$47,231,000 as at 30 September 2019.

Also in relation to those leases under HKFRS 16, the Group has recognised depreciation and finance costs, instead of operating lease rental and staff costs. During the six months ended 30 September 2019, the Group recognised depreciation charges of HK\$7,597,000 and finance costs of HK\$2,387,000 from these leases.

3. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer. During the six months ended 30 September 2019 and 2018, there was no transfer between level 1, level 2 and level 3.

The following table shows the carrying amounts and fair value of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value. Further, for the current period the fair value disclosure of lease liabilities is also not required.

Disclosures of level in fair value hierarchy at 30 September 2019:

Description	Fair value measurements as at 30 September 2019 (unaudited) Level 1 HK\$'000
Recurring fair value measurements:	
Equity instruments at FVTOCI	
– Listed equity securities	1,150
	<hr/> <hr/>
	Fair value measurements as at 31 March 2019 (audited) Level 1 HK\$'000
Recurring fair value measurements:	
Equity instruments at FVTOCI	
– Listed equity securities	1,338
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4. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received or receivable for goods sold and services rendered by the Group, net of discounts and sales related taxes, during the year.

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 financial 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 2019 and 2018 can be made with reference to the results as set out in the condensed consolidated statement of profit or loss and other comprehensive income.

No geographical information is presented as all external revenue for both periods and non-current assets are either derived from or located in Hong Kong, an analysis of the consolidated revenue and non-current assets by geographical location is not presented.

Operation of Chinese restaurants (revenue recognised at a point in time)

For operation of Chinese restaurants, revenue is recognised when food and beverages are served to the customers.

5. INCOME TAX EXPENSE

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 FOR THE PERIOD

The Group's loss for the period is stated after charging the following:

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Cost of inventories consumed	11,604	13,477
Depreciation		
– property, plant and equipment	353	21
– right-of-use assets	7,596	–
Equity-settled share-based payments	305	736
Finance costs		
– interest on lease liabilities	2,387	–
Net exchange loss	212	186
	<u>212</u>	<u>186</u>

7. DIVIDENDS

The directors do not recommend the payment of an interim dividend (six months ended 30 September 2018: HK\$ Nil).

8. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following:

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Loss		
Loss attributable to owners of the Company	9,581	6,686
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share (Note)	1,946,314,108	1,946,314,108

Note:

There was no dilutive potential ordinary share for the Company's share option for the six months ended 30 September 2018 and 2019.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2019, the Group incurred HK\$1,978,000 (six months ended 30 September 2018: HK\$24,000) mainly on fittings, furniture and restaurant equipment for the restaurant operations.

10. TRADE AND OTHER RECEIVABLES

The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is as follow:

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
0 to 60 days	377	472
More than 60 days	4	–
	381	472

11. EQUITY INSTRUMENTS AS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 September 2019 HK\$'000 (unaudited)	31 March 2019 HK\$'000 (audited)
Listed equity securities in Hong Kong	<u><u>1,150</u></u>	<u><u>1,338</u></u>

All of the equity instruments as at FVTOCI are denominated in HK\$.

12. SHARE CAPITAL

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Authorised: 5,000,000,000 ordinary shares of HK\$0.1 each	<u><u>500,000</u></u>	<u><u>500,000</u></u>
Issued and fully paid: 1,946,314,108 ordinary shares of HK\$0.1 each	<u><u>194,631</u></u>	<u><u>194,631</u></u>

13. TRADE AND OTHER PAYABLES

The ageing analysis of trade payables, based on the date of invoice, is as follows:

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
0 to 60 days	<u>2,394</u>	<u>2,816</u>
More than 60 days	<u>35</u>	<u>90</u>
	<u><u>2,429</u></u>	<u><u>2,906</u></u>

14. SHARE OPTION SCHEME

The Company adopted a share option scheme on 10 May 2010. This share option scheme shall be valid and effective until 8 May 2020. Details of movements in the share options granted under the share option scheme during the current interim period are set out below:

Participants	Date of grant	Exercisable period	Exercise price per share HK\$	Outstanding	Lapsed/	Outstanding	Lapsed/	Outstanding
				as at 1 April 2018	expired during the year	as at 1 April 2019	expired during the period	as at 30 September 2019
Directors and consultant	23 October 2017	23 October 2017 to 22 October 2025	0.177	30,000,000	-	30,000,000	-	30,000,000

No share options were granted to, or exercised by, the Company's directors during the current interim period (six months ended 30 September 2018: Nil).

No share options were lapsed during the six months ended 30 September 2019 (six months ended 30 September 2018: Nil).

Note: The total estimated fair value at the date of grant of the share options on 23 October 2017 was HK\$2,906,000. 30% of total number of the share options were vested immediately on the date of grant, 23 October 2017. 30% of total number of the share options were vested on 23 October 2018 and the remaining 40% were vested on 23 October 2019. The closing price of the Company's share immediately before the date of grant was HK\$0.177.

15. RELATED PARTY TRANSACTIONS

- (a) The Group leased certain properties for its restaurant operations from Homley Development Limited ("**Homley**"). Rentals charged by Homley during the current interim period amounted to HK\$2,160,000 (six months ended 30 September 2018: HK\$2,160,000). At 30 September 2019, rental deposit paid to Homley of HK\$1,080,000 was included in current property rental deposits (at 31 March 2019: HK\$1,080,000 included in non-current property rental deposits). At 30 September 2019, no accrued rental was payable to Homley (31 March 2019: 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.

- (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\$450,000 (six months ended 30 September 2018: HK\$450,000). At 30 September 2019, rental deposit paid to Hover City of HK\$150,000 was included in non-current property rental deposits (at 31 March 2019: HK\$150,000 included in non-current property rental deposits). At 30 September 2019, no accrued rental was payable to Hover City (31 March 2019: 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.

15. RELATED PARTY TRANSACTIONS (Continued)

- (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\$600,000 (six months ended 30 September 2018: HK\$600,000). At 30 September 2019, rental deposit paid to Sky Global of HK\$240,000 was included in non-current property rental deposits (at 31 March 2019: HK\$240,000 included in non-current property rental deposits). At 30 September 2019, no accrued rental was payable to Sky Global (31 March 2019: 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 remuneration of directors, which are key management personnel during the period was as follows:

	30 September 2019 HK\$'000	30 September 2018 HK\$'000
Fee	108	108
Salaries and other benefits	2,025	2,025
Retirement benefits cost	27	27
Share-based payments	293	736
	2,453	2,896

16. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 September 2019 (As at 31 March 2019: HK\$ Nil).

17. COMPARATIVE FIGURES

The Group has initially applied HKFRS 16 at 1 April 2019 under the modified retrospective approach with no restatement on the comparative information. Details of changes in accounting policies are disclosed in note 2 to this interim financial information.

Certain comparative figures have been reclassified to conform to the current period's presentation. The new classification of the accounting items was considered to provide a more appropriate presentation of the state of affairs of the Group.

18. APPROVAL OF FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 29 November 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

The Group is principally engaged in the operations of Chinese restaurants in Hong Kong which specialise in Chiu Chow cuisine.

For the six months ended 30 September 2019, the Group recorded a consolidated revenue of approximately HK\$36.6 million, a decrease of 12.8% compared to the last corresponding period's revenue of approximately HK\$41.9 million.

The net loss for the period under review amounted to approximately HK\$9.6 million compared to the net loss of approximately HK\$6.7 million in the last corresponding period. The net loss would have been approximately HK\$7.8 million before the negative impact of the adoption of HKFRS 16.

Review of Operations

Revenue from the restaurant operation amounted to approximately HK\$36.6 million for the period under review, a decrease of approximately HK\$5.3 million from the last corresponding period. The decline in revenue was mainly due to the widespread protests in Hong Kong since the month of June 2019 and the restaurant renovation at Hover City Chiu Chow Restaurant in April 2019.

The revenue contributed by the Tsim Sha Tsui branch was stable in the first two months of the reporting period but had continued to deteriorate since the month of June with double-digit percentage drop in revenue recorded for the month of August and September. There has been a notable decline in the revenue from the tourist business as well as the corporate patrons in the midst of the social and economic turmoil in Hong Kong.

For the branch at Cheung Sha Wan Plaza, revenue was adversely affected in April due to a renovation which last for five weeks since mid of March. The new image of the restaurant did help to boost business in the two months following the renovation but the trend was reversed since the month of July with revenue fall over 20% below our revenue target. Revenue from dinner time was affected the most due to frequent and last minute cancellations of booking reservation. Customers are also deterred to dine out at night and in the weekends due to safety reason. The constant disruption in the public transportation system caused further inconvenience to the restaurant's patrons.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Review of Operations *(Continued)*

The net loss for the Group had increased by approximately HK\$2.9 million during the period under review which was mainly attributable to the year-on-year decrease in revenue and hence a drop in gross profit of approximately HK\$3.5 million and the adoption of HKFRS 16. The gross profit margin remained stable compared to the last corresponding period.

The application of HKFRS 16 has resulted in the recognition of right-of-use assets of approximately HK\$45.4 million and lease liabilities of HK\$47.2 million for the Group as at 30 September 2019. In addition, the total expenditure on operating lease rentals and staff quarter costs are now being accounted for as depreciation on right-of-use assets of approximately HK\$7.6 million and interest on lease liabilities of approximately HK\$2.4 million and are presented in the financial statement as depreciation and finance costs respectively. Please refer to Note 2 of the “Notes to the Condensed Consolidated Financial Statements” for detailed explanation of the impact of the application of HKFRS 16. Under HKFRS 16, the total of the depreciation and finance costs in relation to the leases amounted to approximately HK\$10.0 million for the six months ended 30 September 2019 and were approximately HK\$1.8 million higher than the total rental amount if it had not been accounted for under HKFRS 16. The total cash outflows on lease payments, however, are substantially the same under the old and the new accounting standard.

Total staff costs reduced by approximately HK\$1.6 million from last corresponding period. Besides the reclassification of the HK\$0.5 million staff quarter costs to depreciation and finance costs, the actual costs saving was mainly due to a decrease in some turnover-based staff costs such as service charges and payments to freelance workers.

There was also approximately HK\$0.5 million costs reduction in other operating expenses due to approximately HK\$0.3 million decrease in utility charges and approximately HK\$0.2 million decrease in professional fees.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Events after the Reporting Period

Subsequent to the end of the reporting period, on 18 October 2019, GV Australia Pty Ltd (a wholly-owned subsidiary of the Company) entered into the agreement with a connected party in relation to the development and construction of a low-rise apartment block on the land comprising 26 apartments and certain communal facilities situated in Camden, Sydney, New South Wales, Australia.

Implication under the listing rules

As one or more of the applicable percentage ratios for the arrangement contemplated under the agreement were more than 25% but all of them were less than 100%, the arrangement contemplated under the agreement constituted a major transaction of the Company under Chapter 14 of the Listing Rules. By virtue of certain executive directors and senior management personnel's interests in the land, the arrangement also constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. Accordingly, the arrangement contemplated under the agreement was subject to the announcement, reporting and independent shareholders' approval requirements of the Listing Rules. Details of the arrangement were set out in the announcement dated 18 October 2019 and the circular dated 12 November 2019 issued by the Company. The resolution in relation to the above transaction as set out in the notice of the special general meeting was duly passed by the independent shareholders, by way of poll, at the special general meeting held on 29 November 2019.

Prospects

The months of political unrest as well as the US-China trade war have complicated and undermined the business environment for the food and beverage industry in Hong Kong. The continued social and economic turmoil in Hong Kong resulted in an overall worsened consumer sentiment. Amid the challenging operating environment, the Group will continue to operate its Chinese restaurant business. However, it will adopt a more cautious approach in committing further capital expenditure and will implement various costs control measures to mitigate the loss during this difficult time such as seeking rental concession from landlords and suspending the hiring of full time and freelance workers.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Prospects (Continued)

The Group will continue to review and revise its business strategies from time to time with the aim to better position itself to meet the challenges ahead and to capture any new investment opportunities as they arise. The commencement of the development and construction business in Australia in the second half of the financial year will mark a new era for the Group and is considered as a suitable opportunity for the Group to expand its business activities and diversify risks with an aim to improve the returns for its shareholders.

Liquidity and Financial Resources

The Group's cash and bank balances (including pledged bank deposits and short-term bank deposits) amounted to approximately HK\$66.5 million as at 30 September 2019. As the Group had no bank borrowings, the Group's gearing ratio was zero as at 30 September 2019 and 31 March 2019.

With the cash generated from the Group's operations in its ordinary course of business and the existing unutilised banking and credit facilities, the 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 which are denominated in Renminbi and United States Dollar. The management would closely monitor such risk and would consider hedging significant foreign currency exposure should the need arise.

Contingent Liabilities

As at 30 September 2019, the Group did not have any significant contingent liabilities.

Employees and Remuneration Policies

As at 30 September 2019, the Group had approximately 120 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.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Interim Dividend

The board of directors has resolved not to declare any interim dividend for the six months ended 30 September 2019 (for the six months ended 30 September 2018: nil).

OTHER INFORMATION

SHARE OPTIONS

The Company by shareholders' resolutions passed at the special general meeting held on 10 May 2010 has adopted a share option scheme which shall be valid and effective until 8 May 2020 (the "**Option Scheme**").

The purpose of the Option Scheme is to recognize the commitments and contributions of the following eligible 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 Option 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 2019, the Company had 30,000,000 (2018: 30,000,000) share options outstanding under the Option Scheme, which represented approximately 1.5% of the shares of the Company in issue at that date. A summary of the share options movement is set out below:

Option holders	Date of grant	Exercisable period	Number of share options			
			Exercise price per share HK\$	Outstanding as at 1.4.2019	Expired during the period	Outstanding as at 30.9.2019
Cheng Hop Fai	23.10.2017	23.10.2017 – 22.10.2025	0.177 ⁽¹⁾	6,000,000	–	6,000,000
Cheng Pak Ming, Judy	23.10.2017	23.10.2017 – 22.10.2025	0.177 ⁽¹⁾	6,000,000	–	6,000,000
Cheng Pak Man, Anita	23.10.2017	23.10.2017 – 22.10.2025	0.177 ⁽¹⁾	6,000,000	–	6,000,000
Cheng Pak Lai, Lily	23.10.2017	23.10.2017 – 22.10.2025	0.177 ⁽¹⁾	6,000,000	–	6,000,000
Leung Tai Chiu	23.10.2017	23.10.2017 – 22.10.2025	0.177 ⁽¹⁾	2,000,000	–	2,000,000
Law Toe Ming	23.10.2017	23.10.2017 – 22.10.2025	0.177 ⁽¹⁾	2,000,000	–	2,000,000
Mark Yiu Tong, William	23.10.2017	23.10.2017 – 22.10.2025	0.177 ⁽¹⁾	2,000,000	–	2,000,000
				30,000,000	–	30,000,000

Note:

- ⁽¹⁾ The total estimated fair value at the date of grant of the share options on 23 October 2017 was HK\$2,906,000, 30% of total number of the share options were vested immediately on the date of grant, 23 October 2017, 30% of total number of the share options were vested on 23 October 2018 and the remaining 40% were vested on 23 October 2019. The closing price of the Company's share immediately before the date of grant was HK\$0.177.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2019, the interests of the directors and the chief executive 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 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”) contained 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 interest		Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company
Cheng Hop Fai	Beneficial owner		6,900,000	0.35%
	Beneficiary of trusts	(note 1)	1,450,037,841	74.50%
Cheng Pak Ming, Judy	Beneficiary of trusts	(note 1)	1,450,037,841	74.50%
Cheng Pak Man, Anita	Beneficiary of trusts	(note 1)	1,450,037,841	74.50%
Cheng Pak Lai, Lily	Beneficiary of trusts	(note 1)	1,450,037,841	74.50%
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 8.88% interest) and 1,277,168,061 shares (or 65.62% 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.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

Save as disclosed above and in the section titled "Share Options", as at 30 September 2019, 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, as at 30 September 2019, 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 ^(a)	8.88%
Kong Fai	Beneficial owner	1,277,168,061 ^(a)	65.62%
Alpadis Trust (HK) Limited	Trustee of trusts	1,450,037,841 ^(a)	74.50%
Alpadis Group Holding SA	Interest of controlled corporation	1,450,037,841 ^(b)	74.50%
Alain Esseiva	Interest of controlled corporation	1,450,037,841 ^(c)	74.50%

SUBSTANTIAL SHAREHOLDERS (Continued)

Notes:

- (a) Alpadis Trust (HK) Limited 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 the two discretionary trusts which own 100% of the shares of Golden Toy and Kong Fai.
- (b) The corporate substantial shareholder notice filed by Alpadis Group Holding SA indicated that it is deemed to be interested in the 1,450,037,841 shares under the SFO by virtue of its interest held in Alpadis Trust (HK) Limited.
- (c) The individual substantial shareholder notice filed by Alain Esseiva indicated that he is deemed to be interested in the 1,450,037,841 shares under the SFO by virtue of their interests held in Alpadis Group Holding SA.

Save as disclosed above, the directors are not aware of any other persons who, as at 30 September 2019, 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 current interim period.

CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code (the “**Code**”) contained in Appendix I4 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 ended 30 September 2019 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.

CORPORATE GOVERNANCE CODE *(Continued)*

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 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 comprises the three INEDs of the Company, namely, Mr. Leung Tai Chiu as the chairman, and Mr. Law Toe Ming and Mr. Hung Chi Yuen, Andrew as members. The terms of reference of the audit committee are consistent with the code provisions set out in the Code. 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 2019.

REMUNERATION COMMITTEE

Pursuant to rule 3.25 of the Listing Rules, the Company has established a remuneration committee comprising the three INEDs of the Company, namely, Mr. Law Toe Ming as the chairman, and Mr. Leung Tai Chiu and Mr. Hung Chi Yuen, Andrew as members. The terms of reference of the remuneration committee are consistent with the code provisions set out in the Code. 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 set out in the Code, the Company has established a nomination committee comprising Mr. Cheng Hop Fai as the chairman and two INEDs of the Company, namely, Mr. Law Toe Ming and Mr. Hung Chi Yuen, Andrew as members. The terms of reference of the nomination committee are consistent with the code provisions set out in the Code. The principal function of the nomination committee is to review the structure, size, composition and diversity of the board of directors at least annually with reference to the business needs and development of the Company and make recommendations to the board of directors on any proposed changes to the board of directors to complement the Group's corporate strategy.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code contained 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 confirmed that they have complied with the required standards as set out in the Model Code during the six months ended 30 September 2019.

By Order of the Board
Cheng Hop Fai
Chairman

Hong Kong, 29 November 2019