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G-Vision International (Holdings) Limited

環科國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 657)

DISCLOSEABLE TRANSACTION IN RELATION TO AN OFFER TO LEASE A PROPERTY

THE OFFER TO LEASE

The Board announces that on 12 July 2021, Honcert Development, an indirect wholly-owned subsidiary of the Company, entered into the Offer to Lease as the intended tenant in favour of the intended Landlord, pursuant to which Honcert Development offered to rent from the Landlord the Property for a period of five years commencing from 1 September 2021 to 31 August 2026 (both days inclusive) at a Monthly Base Rent and a Turnover Rent (exclusive of government rates and rent, management fee, air-conditioning charges, promotional levy and all tenant's expenses and outgoings). On 28 July 2021, it was brought to the Board's attention that the Offer to Lease had been accepted by the Landlord on 21 July 2021, subject to the entering into of a formal tenancy agreement for the intended tenancy of the Property.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to HKFRS 16, the entering into of the intended tenancy of the Property contemplated by the Offer to Lease by Honcert Development as a lessee will require the Group to recognise the corresponding right-of-use asset in its consolidated financial statements of financial position. Therefore, the entering into of the Offer to Lease will be regarded as an acquisition of asset by the Group under the definition of transaction set out in Rule 14.04(1)(a) of the Listing Rules. The unaudited value of the right-of-use asset recognised by the Group under the Offer to Lease amounted to approximately HK\$13,653,000.

As each of the relevant percentage ratios in respect of the acquisition of right-of-use asset recognised by the Group pursuant to HKFRS 16 under the Offer to Lease is less than 25% but more than 5%, the entering into of the Offer to Lease constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements, but exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the entering into of the Offer to Lease is in the ordinary and usual course of business of the Group, and that the terms of the Offer to Lease have been negotiated on an arm's length basis and on normal commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

1. BACKGROUND

On 12 July 2021, Honcert Development, an indirect wholly-owned subsidiary of the Company, entered into the Offer to Lease as the intended tenant in favour of the intended Landlord, pursuant to which Honcert Development offered to rent from the Landlord the Property for a period of five years commencing from 1 September 2021 to 31 August 2026 (both days inclusive) at a Monthly Base Rent and a Turnover Rent (exclusive of government rates and rent, management fee, air-conditioning charges, promotional levy and all tenant's expenses and outgoings). On 28 July 2021, it was brought to the Board's attention that the Offer to Lease had been accepted by the Landlord on 21 July 2021, subject to the entering into of a formal tenancy agreement for the intended tenancy of the Property.

2. THE OFFER TO LEASE

The principal terms of the Offer to Lease are as follows:

Parties	:	(i) Honcert Development as intended tenant; and (ii) the Landlord. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Landlord and its ultimate beneficial owner are Independent Third Parties.
Property	:	tentatively Shop 212, Floor 02, Commercial Accommodation, which is currently known as Yue Man Square of Grand Central, 33 Hip Wo Street, Kwun Tong, Kowloon, Hong Kong
Term	:	five years commencing from 1 September 2021 to 31 August 2026 (both days inclusive)
Rent	:	the total rent payable pursuant to the Offer to Lease includes: (i) the Monthly Base Rent in an aggregate amount of HK\$15,750,000 for the term of the intended tenancy of the Property; and

		<p>(ii) the Turnover Rent, if any,</p> <p>exclusive of government rates and rent, management fee, air-conditioning charges, promotional levy and all tenant's expenses and outgoings.</p> <p>The Monthly Base Rent shall be payable on or before the first day of each and every calendar month, whereas the Turnover Rent, if any, shall be payable in arrears on the 15th day of each calendar month, both of which will be funded by the internal resources of the Group.</p> <p>Honcert Development shall enjoy rent-free periods for 90 days from 1 September 2021 to 29 November 2021 (both days inclusive).</p> <p>The rent was negotiated on an arm's length basis and on normal commercial terms between the parties and was determined with reference to the prevailing market rent for comparable premises in the vicinity of the Property.</p>
Security deposit	:	HK\$1,471,386.00
Use of Property	:	For operating a new Chinese restaurant serving Chiu Chow and Cantonese cuisine only under the tradename of "Kwun Tong City Chiu Chow Restaurant 潮觀城酒樓".

3. THE RIGHT-OF-USE ASSET

The unaudited value of the right-of-use asset recognised by the Group under the Offer to Lease amounted to approximately HK\$13,653,000, which is calculated with reference to the aggregate lease payment and discounted by a discounted rate.

4. REASONS FOR AND BENEFITS OF THE OFFER TO LEASE

The Group principally engages in the operation of a chain of Chinese restaurants in Hong Kong that specialises in Chiu Chow cuisine.

The principal business of Honcert Development is to operate the restaurant located at the Property. The Property is intended to be used by the Group to operate a new Chinese restaurant serving Chiu Chow and Cantonese cuisine under the tradename of "Kwun Tong City Chiu Chow Restaurant 潮觀城酒樓".

The Landlord is a statutory body established in Hong Kong under the Urban Renewal Authority Ordinance (Chapter 563 of the Laws of Hong Kong) to undertake urban renewal of Hong Kong, acting by its appointed commercial manager, namely Yue Man Square Management Company Limited.

The Property is conveniently located in a prime location in Kowloon East, which is envisioned as the new business hub of Hong Kong after Central, and is in the meantime proximate to the residential area upon the comprehensive redevelopment of the town centre of Kwun Tong undertaken by the Landlord. The opening of a new restaurant at the Property corresponds to the Group's business strategy of concentrating on operating medium-sized restaurants and achieving efficient risk management and diversification. Furthermore, the rentals for the Property are at prevailing market rates, therefore the Directors (including the independent non-executive Directors) are of the view that renting the Property as premises for the on-going business operations and development of the Group is a suitable choice.

5. IMPLICATIONS UNDER THE LISTING RULES

Pursuant to HKFRS 16, the entering into of the intended tenancy of the Property contemplated by the Offer to Lease by Honcert Development as a lessee will require the Group to recognise the corresponding right-of-use asset in its consolidated financial statements of financial position. Therefore, the entering into of the Offer to Lease will be regarded as an acquisition of asset by the Group under the definition of transaction set out in Rule 14.04(1)(a) of the Listing Rules. The unaudited value of the right-of-use asset recognised by the Group under the Offer to Lease amounted to approximately HK\$13,653,000.

As each of the relevant percentage ratios in respect of the acquisition of right-of-use asset recognised by the Group pursuant to HKFRS 16 under the Offer to Lease is less than 25% but more than 5%, the entering into of the Offer to Lease constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements, but exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Having considered the above factors, the Directors (including the independent non-executive Directors) consider that the entering into of the Offer to Lease is in the ordinary and usual course of business of the Group, and that the terms of the Offer to Lease have been negotiated on an arm's length basis and on normal commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has any material interest in the transactions contemplated under the Offer to Lease or is required to abstain from voting on the relevant resolutions of the Board.

6. TERMS USED IN THIS ANNOUNCEMENT

"Board"	the board of Directors
"Company"	G-Vision International (Holdings) Limited
"Directors"	directors of the Company

“Group”	the Company and its subsidiaries
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants from time to time
“Honcert Development”	Honcert Development Limited 漢順發展有限公司, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies) ”	any third party(ies) which, together with their respective beneficial owner(s) (if any) and to the best of the Directors’ knowledge, information and belief, having made all reasonable enquires, are third party(ies) independent of the Company and its connected persons in accordance with the Listing Rules
“Landlord”	the Urban Renewal Authority acting by its appointed commercial manager, namely Yue Man Square Management Company Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Monthly Base Rent”	the minimum amount of rent payable by Honcert Development to the Landlord for each calendar month during the term of the intended tenancy of the Property pursuant to the Offer to Lease
“Turnover Rent”	the amount of the surplus of the 12% of the monthly gross sales turnover (as defined in the Offer to Lease) originated from the Property over the Monthly Base Rent of each calendar month and payable by Honcert Development to the Landlord for each calendar month, if any
“Offer to Lease”	the offer to lease entered into by Honcert Development on 12 July 2021 as the intended tenant in favour of the intended Landlord, pursuant to which Honcert Development offered to rent from the Landlord the Property, and such offer was accepted by the Landlord on 21 July 2021
“percentage ratio(s) ”	has the meaning ascribed to it under Rule 14.04(9) of the Listing Rules

“PRC”	the People's Republic of China
“Property”	tentatively Shop 212, Floor 02, Commercial Accommodation, which is currently known as Yue Man Square of Grand Central, 33 Hip Wo Street, Kwun Tong, Kowloon, Hong Kong
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars

By order of the Board
G-Vision International (Holdings) Limited
Cheng Hop Fai
Chairman

Hong Kong, 28 July 2021

As at the date of this announcement, the Board comprises Mr. Cheng Hop Fai (Chairman and Managing Director), Ms. Cheng Pak Ming, Judy, Ms. Cheng Pak Man, Anita and Ms. Cheng Pak Lai, Lily as executive Directors, and Mr. Law Toe Ming, Mr. Hung Chi Yuen, Andrew and Mr. Yuen Shiu Cheong, Johnny as independent non-executive Directors.

** for identification purpose only*