



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

Stock Code : 657

INTERIM REPORT

2023/24

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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

Law Toe Ming

Hung Chi Yuen, Andrew

Yuen Shiu Cheong, Johnny

COMPANY SECRETARY

Cheng Pak Ming, Judy

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited

Hang Seng Bank Limited

Fubon Bank (Hong Kong) Limited

AUDITOR

PKF Hong Kong Limited

HONG KONG LEGAL ADVISERS

MinterEllison LLP

BERMUDA LEGAL ADVISERS

Conyers Dill & Pearman

REGISTERED OFFICE

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Hamilton HM 11

Bermuda

PRINCIPAL PLACE OF BUSINESS

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PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited

4th Floor North

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BRANCH SHARE REGISTRAR

Computershare Hong Kong

Investor Services Limited

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CORPORATE WEBSITE

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STOCK CODE

00657

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 2023, together with the comparative results. The condensed consolidated interim results have not been audited, but have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

		Six months ended 30 September	
	Note	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	5	24,422	20,623
Cost of sales		(6,743)	(6,624)
Gross profit		17,679	13,999
Other income and other gains and losses		415	1,374
Staff costs		(11,497)	(10,635)
Short-term lease rentals		(2,783)	(2,183)
Depreciation		(98)	(1,780)
Building management fees and rates		(2,060)	(1,916)
Utilities and cleaning expenses		(2,319)	(1,821)
Other operating expenses		(2,703)	(2,210)
Loss from operations		(3,366)	(5,172)
Finance costs		(268)	(361)
Loss before tax		(3,634)	(5,533)
Income tax expense	6	—	—
Loss for the period attributable to owners of the Company	7	(3,634)	(5,533)

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

For the six months ended 30 September 2023

		Six months ended 30 September	
		2023	2022
		HK\$'000	HK\$'000
Note		(Unaudited)	(Unaudited)
Other comprehensive loss:			
<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”)	(140)	(259)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
	Exchange differences arising on translating foreign operations	(7)	(40)
	Other comprehensive loss for the period, net of tax	(147)	(299)
	Total comprehensive loss for the period attributable to owners of the Company	(3,781)	(5,832)
		HK cents	HK cents
	Loss per share attributable to owners of the Company		
	– Basic and diluted	(0.19)	(0.28)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	Note	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	733	821
Right-of-use assets	11	–	–
Property rental deposits		1,388	1,369
		2,121	2,190
Current assets			
Inventories		643	663
Trade receivables, prepayments and other receivables	12	2,047	1,669
Property rental deposits		1,481	1,481
Equity instruments as at FVTOCI	13	837	977
Bank and cash balances		18,861	24,523
		23,869	29,313
Current liabilities			
Trade and other payables	15	7,765	8,074
Tax payables		–	44
Lease liabilities		2,974	2,843
		10,739	10,961
Net current assets		13,130	18,352
Total assets less current liabilities		15,251	20,542

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 September 2023

	Note	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Non-current liabilities			
Lease liabilities		6,467	7,977
NET ASSETS		8,784	12,565
Capital and reserves			
Share capital	14	194,631	194,631
Reserves		(185,847)	(182,066)
TOTAL EQUITY		8,784	12,565

Approved by the Board on 21 November 2023:

Cheng Hop Fai
Director

Cheng Pak Man, Anita
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Unaudited							
	Attributable to owners of the Company							
	Share capital	Share premium	Capital reserve	Investment revaluation reserve	Share options reserve	Translation reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2022 (audited)	194,631	88,794	84,123	(167)	2,720	27	(335,751)	34,377
Total comprehensive loss for the period	-	-	-	-	-	-	(5,533)	(5,533)
Change in fair value of equity instruments at FVTOCI	-	-	-	(259)	-	-	-	(259)
Foreign exchange differences arising on translation	-	-	-	-	-	(40)	-	(40)
Changes in equity for the period	-	-	-	(259)	-	(40)	(5,533)	(5,832)
At 30 September 2022 (unaudited)	<u>194,631</u>	<u>88,794</u>	<u>84,123</u>	<u>(426)</u>	<u>2,720</u>	<u>(13)</u>	<u>(341,284)</u>	<u>28,545</u>
At 1 April 2023 (audited)	194,631	88,794	84,123	(321)	2,534	(1)	(357,195)	12,565
Total comprehensive loss for the period	-	-	-	-	-	-	(3,634)	(3,634)
Change in fair value of equity instruments at FVTOCI	-	-	-	(140)	-	-	-	(140)
Foreign exchange differences arising on translation	-	-	-	-	-	(7)	-	(7)
Changes in equity for the period	-	-	-	(140)	-	(7)	(3,634)	(3,781)
At 30 September 2023 (unaudited)	<u>194,631</u>	<u>88,794</u>	<u>84,123</u>	<u>(461)</u>	<u>2,534</u>	<u>(8)</u>	<u>(360,829)</u>	<u>8,784</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Net cash used in operating activities	(4,647)	(2,324)
Purchases of property, plant and equipment	(10)	(7)
Interest and dividend received	383	142
Net cash generated from investing activities	373	135
Principal elements of lease payment	(1,379)	(1,106)
Net cash used in financing activities	(1,379)	(1,106)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,653)	(3,295)
Effect of foreign exchange rate changes	(9)	(136)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	24,523	31,730
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	18,861	28,299
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	18,861	28,299

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability. The address of its registered office and its principal place of business are disclosed in the corporate information section of the interim report. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The principal activities of its subsidiaries are the operation of Chinese restaurants in Hong Kong which specialise in Chiu Chow cuisine.

In the opinion of the directors of the Company (the "**Directors**"), Kong Fai International Limited, a company incorporated in the British Virgin Islands, is the ultimate parent. Mr. Cheng Hop Fai and his family members are the ultimate controlling parties of the Company.

2. BASIS OF PREPARATION

The condensed consolidated interim 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 (the "**Listing Rules**").

The condensed consolidated interim financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values.

The condensed consolidated interim financial statements are presented in Hong Kong dollars ("**HK\$**"), which is also the functional currency of the Company.

3. ACCOUNTING POLICIES

The condensed consolidated interim financial statements should be read in conjunction with the 2022/23 annual consolidated financial statements. Except for the change in the presentation of segment information as described in note 5 and the adoption of the new or revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA which are relevant to the Group's operations and mandatorily effective for accounting periods beginning on or after 1 January 2023, 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 consolidated interim financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 March 2023.

3. ACCOUNTING POLICIES (Continued)

The adoption of the new and revised HKFRSs did not have any material impact on the Group's financial positions and performance for the current and prior accounting periods and/or on the disclosures set out in these condensed consolidated interim financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4. FAIR VALUE MEASUREMENTS

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 2023 and 2022, there was no transfer between Level 1, Level 2 and Level 3.

Disclosures of level in fair value hierarchy:

Description	Fair value measurements as at 30 September 2023 (Unaudited) Level 1 HK\$'000	Fair value measurements as at 31 March 2023 (Audited) Level 1 HK\$'000
Recurring fair value measurements:		
Equity instruments at FVTOCI		
– Listed equity securities	837	977

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

5. 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 period.

Owing to completion of the property development project for the Group during the year ended 31 March 2022, no further revenue and operating profit was generated from this segment in the subsequent accounting periods. As the Group was principally engaged in the operation of Chinese restaurants in Hong Kong for the six months ended 30 September 2023, the financial information provided to the chief operating decision makers, being the executive directors, for performance assessment and resources allocation has been based on the overall operating results and financial position of the Group which constitutes the condensed consolidated statement of profit or loss and other comprehensive income and the condensed consolidated statement of financial position. The segment information for the six months ended 30 September 2023, together with comparative results, refers to the results as set out in the condensed consolidated statement of profit or loss and other comprehensive income.

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.

The following table provides information about receivables from contracts with customers:

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Trade receivables, which are included in "trade receivables, prepayments and other receivables"	548	180

During both periods, there was no customer contributing more than 10% of the total revenue of the Group.

6. INCOME TAX EXPENSE

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

The Group's subsidiary incorporated in Australia is subject to Australian income tax rate of 25% (six months ended 30 September 2022: 25%).

7. LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Group's loss for the period is stated after charging/(crediting) the following:

	Six months ended 30 September	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Cost of sales	6,743	6,624
Depreciation		
– property, plant and equipment	98	681
– right-of-use assets	–	1,099
	98	1,780
Short-term lease rentals	2,783	2,183
Finance costs		
– interest on lease liabilities	251	313
– imputed interest expense	17	48
	268	361
Net exchange losses	446	1,194
Government subsidies	–	(1,672)
COVID-19-related rent concessions	(459)	(736)
	–	–

8. DIVIDENDS

The Directors do not recommend the payment of an interim dividend (six months ended 30 September 2022: HK\$ Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to owners of the Company	<u>3,634</u>	<u>5,533</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share (Note)	<u>1,946,314,108</u>	<u>1,946,314,108</u>

Note:

There was no dilutive potential ordinary share for the Company's share option for the six months ended 30 September 2022 and 2023.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2023, the Group incurred approximately HK\$10,000 (six months ended 30 September 2022: HK\$7,000) mainly on restaurant equipment and fittings for its restaurant operations.

11. RIGHT-OF-USE ASSETS

During the six months ended 30 September 2023 and 2022, the Group did not enter into any new lease arrangement. The right-of-use asset relating to the restaurant lease in Kwun Tong was fully impaired during the year ended 31 March 2023.

12. TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

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

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
0 to 30 days	548	180

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

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Listed equity securities in Hong Kong	837	977

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

14. SHARE CAPITAL

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
Authorised: 5,000,000,000 ordinary shares of HK\$0.1 each	500,000	500,000
Issued and fully paid: 1,946,314,108 ordinary shares of HK\$0.1 each	194,631	194,631

15. TRADE AND OTHER PAYABLES

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

	30 September 2023 HK\$'000 (Unaudited)	31 March 2023 HK\$'000 (Audited)
0 to 60 days	2,364	2,459
Over 60 days	21	57
	2,385	2,516

16. SHARE OPTION SCHEMES

The Company adopted a share option scheme on 10 May 2010 (the “**2010 Scheme**”) which expired on 8 May 2020. By shareholders’ resolutions passed at the annual general meeting held on 3 August 2020, the Company adopted a new share option scheme (the “**2020 Scheme**”, and, together with the 2010 Scheme, the “**Schemes**”). No further share options may be offered under the 2010 Scheme. However, any outstanding share options granted under the 2010 Scheme shall continue to be exercisable subject to the rules of the 2010 Scheme and the provisions of Chapter 17 of the Listing Rules. Unless terminated earlier in accordance with the rules of the 2020 Scheme, the 2020 Scheme shall be valid and effective until 3 August 2030.

Details of movements in the share options granted under the Schemes during the current interim period are set out below:

Participants	Date of grant	Exercisable period	Exercise price per share HK\$	Outstanding as at 1 April 2022	Lapsed/ expired during the year	Outstanding as at 1 April 2023	Lapsed/ expired during the period	Outstanding as at 30 September 2023
Directors	23 October 2017	23 October 2017 to 22 October 2025	0.177	26,000,000	–	26,000,000	–	26,000,000
Director/Consultant	23 October 2017	23 October 2017 to 22 October 2025	0.177	2,000,000	(2,000,000)	–	–	–
Exercisable at the end of the year/period				<u>28,000,000</u>	<u>(2,000,000)</u>	<u>26,000,000</u>	<u>–</u>	<u>26,000,000</u>

16. SHARE OPTION SCHEMES (Continued)

No share options were granted to, or exercised during the current interim period (six months ended 30 September 2022: Nil).

No share options were lapsed during the six months ended 30 September 2023 (six months ended 30 September 2022: 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.

17. 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 2022: HK\$1,560,000). At 30 September 2023, rental deposit paid to Homley of HK\$1,080,000 was included in current property rental deposits (31 March 2023: HK\$1,080,000). As at 30 September 2023, no accrued rental was payable to Homley (31 March 2023: HK\$ 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 2022: HK\$450,000). At 30 September 2023, rental deposit paid to Hover City of HK\$150,000 was included in current property rental deposits (at 31 March 2023: HK\$150,000). As at 30 September 2023, no accrued rental was payable to Hover City (31 March 2023: HK\$ 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.

17. 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 2022: HK\$600,000). At 30 September 2023, rental deposit paid to Sky Global of approximately HK\$240,854 was included in current property rental deposits (at 31 March 2023: HK\$240,854). As at 30 September 2023, no accrued rental was payable to Sky Global (31 March 2023: HK\$ 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) During the current interim period, the Group has entered into transactions with Hung Yick Metal Company Limited (“**Hung Yick**”). Sales to Hung Yick during the period amounted to approximately HK\$254,000 (six months ended 30 September 2022: HK\$155,000). As at 30 September 2023, approximately HK\$82,000 were receivables from Hung Yick (31 March 2023: HK\$19,000).

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 Hung Yick.

- (e) The remuneration of directors, which are key management personnel during the period was as follows:

	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries and other benefits	1,350	1,350
Retirement benefits cost	27	27
	1,377	1,377

18. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 September 2023 (As at 31 March 2023: HK\$ Nil).

19. APPROVAL OF FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved and authorised for issue by the Board on 21 November 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue and Net Loss

For the six months ended 30 September 2023, the Group recorded a consolidated revenue of approximately HK\$24.4 million, representing an increase of approximately 18.4% compared to the last corresponding period's revenue of approximately HK\$20.6 million. The net loss for the period under review amounted to approximately HK\$3.6 million compared to the net loss of approximately HK\$5.5 million in the last corresponding period.

Gross Profit

The increase in gross profit of approximately HK\$3.7 million from approximately HK\$14.0 million in the last corresponding period to approximately HK\$17.7 million for the period under review was mainly attributable to the increase in revenue as well as the improvement in gross profit margin.

Other Income and Other Gains and Losses

The other income and other gains and losses of the Group of approximately HK\$0.4 million mainly consist of (i) rental concessions of approximately HK\$0.5 million; (ii) interest income of approximately HK\$0.3 million; (iii) dividend income of HK\$0.1 million and (iv) foreign exchange losses of approximately HK\$0.5 million. The significant decrease in other gains of approximately HK\$1.0 million from the last corresponding period was primarily due to approximately HK\$1.7 million in subsidies granted by the Hong Kong Government under the various Anti-epidemic Fund relief schemes in last corresponding period, which was partially offset by the decrease in foreign exchange losses of approximately HK\$0.7 million.

Staff Costs

The total staff costs of the Group amounted to approximately HK\$11.5 million for the period under review. The period-on-period increase of approximately HK\$0.9 million was mainly in line with the surge in staff costs during the last quarter of 2022, as the Group had to offer pay rises to hire new staff and/or to retain existing staff amid labour shortage in the catering industry. The tight labour conditions persisted throughout the period under review.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Financial Review (Continued)

Short-term Lease Rentals, Finance Costs and Depreciation of Right-of-use Assets

The application of HKFRS 16 on the Group's lease agreements resulted in the booking of related short-term lease rentals of approximately HK\$2.8 million (2022: HK\$2.2 million) and finance costs of approximately HK\$0.3 million (2022: HK\$0.4 million) for the period under review. The increase in rental expenses was mainly attributable to the upward adjustment of monthly rental for the lease of the Tsim Sha Tsui branch. There was no depreciation of right-of-use assets (2022: HK\$1.1 million) for the period under review as the right-of-use assets in relation to the restaurant lease in Kwun Tong had been fully impaired in the previous financial year.

Utilities and Cleaning Expenses

The increase in utilities costs of the Group of approximately HK\$0.2 million was in line with the increase in revenue. There was an increase in sanitary and cleaning expenditure of the Group of approximately HK\$0.3 million due to the worsening labour shortage in the laundry and dishwashing services industry, leading to the termination of services by the Group's service providers during the period under review. As a result, the Group had to switch to alternative service providers with less competitive pricing, resulting in a substantial increment in these costs.

Other Operating Expenses

The increase in other operating expenses of the Group of approximately HK\$0.5 million from approximately HK\$2.2 million in the last corresponding period to approximately HK\$2.7 million for the period under review was mainly attributable to the increase in repair and maintenance costs and card commission expenses.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review

Restaurant Operation in Hong Kong

The Group is mainly engaged in the operation of Chinese restaurants in Hong Kong which specialises in Chiu Chow cuisine. The revenue from the Group's restaurant operation amounted to approximately HK\$24.4 million for the period under review, representing an increase of approximately HK\$3.8 million from the last corresponding period.

April 2023 to June 2023

The revenue of the Group for the quarter ended 30 June 2023 was approximately HK\$12.2 million, representing a 34% or HK\$3.1 million increase from the last corresponding period. The rebound in revenue was due to the low base of revenue in last corresponding period. Following the gradual easing of social distancing measures beginning in late April 2022, the Group's restaurant operation was able to resume its normal operating hours and seating capacity. Despite this, the growth of business remained weak in 2023. The Hong Kong catering sector experienced at least a 15% drop in business over the Easter break, as many residents travelled abroad over the Ching Ming Festival and the long Easter weekend. Similarly, the "golden week" Labour Day holiday in May saw a higher number of outbound travellers compared to inbound travellers from mainland China. Consequently, the revenue generated in this quarter was only 70% of the pre-COVID-19 level.

July 2023 to September 2023

The revenue of the Group for the quarter ended 30 September 2023 was approximately HK\$12.2 million, representing a 6% or HK\$0.7 million increase from the last corresponding period. The Group's restaurant business in September was significantly disrupted by several extreme weather events which began with the strike of Typhoon Saola during the first two days of September, followed by the once-in-500-years torrential rainstorm starting from 7 September 2023, which led to severe flooding, landslides and extensive damage to infrastructure across Hong Kong. As a result, the Tsim Sha Tsui branch had to be closed for three days and the operating hours of the Kwun Tong branch had to be shortened. While the business improved during the Mid-Autumn Festival period, the revenue lost in early September due to the extreme weather conditions partially offset the gains.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Liquidity and Financial Resources

The Group's bank and cash balances amounted to approximately HK\$18.9 million as at 30 September 2023. As the Group had no bank borrowings, the Group's gearing ratio was zero (defined as total bank borrowings divided by total assets) as at 30 September 2023 and 31 March 2023.

With the cash generated from the Group's operations in its ordinary course of business and the existing unutilised banking and other 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, bank and cash balances from the restaurant operation are denominated in Hong Kong dollars. The Group is exposed to foreign currency risk primarily through certain bank deposits which are denominated in Australian dollars, United States dollars and Renminbi. The management closely monitors such risk and will consider hedging significant foreign currency exposure should the need arise.

Contingent Liabilities

As at 30 September 2023, the Group did not have any significant contingent liabilities.

Employees and Remuneration Policies

As at 30 September 2023, the Group had approximately 95 staff. The Group's total staff costs were approximately HK\$11.5 million for the period under review. 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 the Group's employees.

Interim Dividend

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2023 (for the six months ended 30 September 2022: Nil).

PROSPECTS

The restaurant business will continue to serve as the Group's core operation. The performance of the restaurant business is expected to improve in the second half of the financial year, as the upcoming festive season has historically been the high season for the food and beverage industry. However, the Directors expect the recovery of the restaurant business to pre-COVID-19 levels to be challenging. The global economic downturn amid high interest rates and tighter financing conditions affect corporate and consumer expenditures. This, combined with the decrease in business and social gatherings following the implementation of flexible working days and increased work-from-home arrangements, has had a direct impact on the night life of Hong Kong, particularly the dining business for the Group's restaurants. Additionally, the continued growth in outbound travellers to the Greater Bay Area during the weekends and school holidays affects the Group's business. The unfavourable market sentiment coupled with rising food and service costs as well as the shortage of skilled labour in the Chinese restaurant industry imply that the outlook remains challenging. Nevertheless, the Group will continue to (i) monitor its operating costs closely; (ii) adopt a more cautious approach when committing to further capital expenditure; and (iii) review and revise its business strategies regularly, with the aim to better positioning itself to face the upcoming challenges and capture new investment opportunities as they arise. Moreover, the Group maintains its interest in the property development industry and will continue to explore new projects for this business segment.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period ended 30 September 2023 and up to the date of this report there was no other significant event affecting the Company or any of its subsidiaries.

OTHER INFORMATION

SHARE OPTIONS

The Company adopted a share option scheme on 10 May 2010 (the “**2010 Scheme**”) which expired on 8 May 2020. By shareholders’ resolution passed at the annual general meeting held on 3 August 2020, the Company adopted a new share option scheme (the “**2020 Scheme**”, and, together with the 2010 Scheme, the “**Schemes**”). No further share options may be offered under the 2010 Scheme. However, any outstanding share options granted under the 2010 Scheme shall continue to be exercisable subject to the rules of the 2010 Scheme and the provisions of Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”). Unless terminated earlier in accordance with the rules of the 2020 Scheme, the 2020 Scheme shall be valid and effective until 3 August 2030.

The Board may offer an option to any eligible participant whom the Board may in its absolute discretion select and subject to such conditions (including, without limitation, any minimum period for which an option must be held before it can be exercised and/or any performance targets which must be achieved before an option can be exercised) as it may think fit. An eligible participant means any full-time or part-time employees, chief executives, officers or Directors (including independent non-executive Directors (the “**INEDs**”)) of the Group, substantial shareholders (the “**Substantial Shareholders**”) and any professional advisers, consultants, suppliers, customers and distributors who, in the sole opinion of the Board, will contribute or have contributed to the business affairs, development and growth of the Group.

The Board considers that, in addition to the employees, chief executives, officers and Directors of the Group, it is appropriate for the eligibility for participation in the 2020 Scheme to also be extended to persons who will contribute or have contributed to the business affairs, development and growth of the Group. This is consistent with the purpose of the 2020 Scheme, given that the long-term growth and development of the Group requires the collaborative contribution of and depends on the development of sustainable relationships with the employees and directors of the Group as well as persons who play a vital role in the business of the Group, including Substantial Shareholders, professional advisers, consultants, suppliers, customers and distributors of the Group.

SHARE OPTIONS (Continued)

As at 30 September 2023, no option has been granted under the 2020 Scheme. The number of options available for grant under the scheme mandate of the 2020 Scheme as at 1 April 2023 and 30 September 2023 was 194,631,410 Shares. The Company had 194,631,410 Shares available for issue under the 2020 Scheme, which represented 10% of the Shares in issue as at the date of this interim report.

As at 30 September 2023, the Company had 26,000,000 share options outstanding under the 2010 Scheme, which represented approximately 1.3% of the shares of the Company (the “**Shares**”) in issue at that date. There was no options granted, exercised, cancelled or lapsed during the period under review. A summary of the share options movement is set out below:

Name of option holders	Date of grant	Exercisable period	Exercise price per Share HK\$	Number of share options		
				Outstanding as at 1.4.2023	Exercised, cancelled or lapsed during the period	Outstanding as at 30.9.2023
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
Law Toe Ming	23.10.2017	23.10.2017 – 22.10.2025	0.177 ⁽¹⁾	2,000,000	–	2,000,000
				26,000,000	–	26,000,000

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 2023, 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), 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 the 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 2023, 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 2023, 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 AG	Interest of controlled corporation	1,450,037,841 ^(b)	74.50%
Alain Esseiva	Interest of controlled corporation	1,450,037,841 ^(c)	74.50%
Teo Wei Lee	Interest of spouse	1,450,037,841 ^(d)	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 (now known as Alpadis Group Holding AG) indicated that it is deemed to be interested in 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 Mr. Alain Esseiva indicated that he is deemed to be interested in 1,450,037,841 Shares under the SFO by virtue of his interests held in Alpadis Group Holding AG.
- (d) The individual substantial shareholder notice filed by Ms. Teo Wei Lee indicated that her deemed interest in 1,450,037,841 Shares represents the interest of her spouse, Mr. Alain Esseiva.

Save as disclosed above, the Directors are not aware of any other persons who, as at 30 September 2023, 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 Shares by the Company or any of its subsidiaries during the six months ended 30 September 2023.

CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code (the “**Code**”) contained in Appendix 14 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 2023 except for code provision C.2.1 in respect of the role separation of the chairman and the chief executive and code provision C.3.3 in respect of the letters of appointment for Directors.

Code provision C.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 C.3.3 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 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. In the opinion of the Directors, this meets the objective of the code provision C.3.3.

AUDIT COMMITTEE

The audit committee comprises the three INEDs, namely, Mr. Hung Chi Yuen, Andrew as the chairman, Mr. Law Toe Ming and Mr. Yuen Shiu Cheong, Johnny 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 the internal control and financial reporting matters including the unaudited interim financial statements for the six months ended 30 September 2023.

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. Hung Chi Yuen, Andrew and Mr. Yuen Shiu Cheong, Johnny 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 on the Group's policy and structure for the remuneration of Directors and senior management.

NOMINATION COMMITTEE

Pursuant to rule 3.27A of the Listing Rules, 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. 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 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 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 2023.

By order of the Board

Cheng Hop Fai

Chairman

Hong Kong, 21 November 2023