New Wisdom Holding Company Limited
新 智 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8213)

INTERIM REPORT
FOR THE PERIOD ENDED
30 SEPTEMBER 2018

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the "Directors") of New Wisdom Holding Company Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

FINANCIAL HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

Consolidated revenue of the Company and its subsidiaries (collectively the "Group") was approximately HK$136.2 million for the period under review, representing a decrease of approximately 10.5% compared with approximately HK$152.1 million recorded in the corresponding period last year.

Loss attributable to owners of the Company decreased to approximately HK$12.7 million from approximately HK$16.4 million.

INTERIM RESULTS

The board of directors (the "Board") of the Company hereby announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2018, together with the comparative unaudited consolidated figures for the corresponding period last year:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the six months ended 30 September 2018

		For the six months ended 30 September		For the three months ended 30 September	
		2018	2017	**2018**	2017
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	*3*	**136,154**	152,096	**68,825**	75,495
Cost of sales		**(44,722)**	(50,040)	**(22,764)**	(24,442)
Gross profit		**91,432**	102,056	**46,061**	51,053
Other income		**1,390**	1,191	**901**	474
Operating expenses		**(101,850)**	(118,249)	**(50,697)**	(57,729)
Operating loss		**(9,028)**	(15,002)	**(3,735)**	(6,202)
Finance costs	*4(a)*	**(3,458)**	(2,204)	**(1,823)**	(1,116)
Loss before income tax	*4*	**(12,486)**	(17,206)	**(5,558)**	(7,318)
Income tax	*5*	**(671)**	588	**(852)**	328
Loss for the period		**(13,157)**	(16,618)	**(6,410)**	(6,990)
Loss for the period attributable to:					
Owners of the Company		**(12,726)**	(16,363)	**(6,182)**	(6,914)
Non-controlling interests		**(431)**	(255)	**(228)**	(76)
		(13,157)	(16,618)	**(6,410)**	(6,990)
Loss per share (HK cents)	*6*				
– Basic		**(0.31)**	(0.43)	**(0.15)**	(0.18)
– Diluted		**N/A**	N/A	**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 September 2018

	For the six months ended 30 September		For the three months ended 30 September	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Loss for the period	**(13,157)**	(16,618)	**(6,410)**	(6,990)
Other comprehensive income:–				
Items that may be subsequently reclassified to profit or loss:–				
Exchange gain arising from translation of financial statements of foreign operations	**651**	25	**550**	126
Total comprehensive loss for the period	**(12,506)**	(16,593)	**(5,860)**	(6,864)
Total comprehensive loss for the period attributable to:–				
Owners of the Company	**(12,050)**	(16,342)	**(5,626)**	(6,791)
Non-controlling interests	**(456)**	(251)	**(234)**	(73)
	(12,506)	(16,593)	**(5,860)**	(6,864)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Note	**As at 30 September 2018 (Unaudited)** ***HK$'000***	As at 31 March 2018 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Plant and equipment		**7,850**	13,699
Goodwill on consolidation		**55,095**	55,095
Other intangible assets		**12,345**	12,873
Deferred tax assets		**2,003**	1,828
		77,293	83,495
CURRENT ASSETS			
Inventories		**3,546**	4,602
Debtors, deposits and prepayments	*7*	**30,048**	32,236
Income tax recoverable		**127**	132
Cash and cash equivalents		**123,339**	108,059
		157,060	145,029
DEDUCT:			
CURRENT LIABILITIES			
Convertible bonds		**–**	39,805
Bank loans, secured		**–**	5,140
Creditors, accruals and deposits received	*8*	**162,666**	170,375
Income tax payable		**1,452**	718
		164,118	216,038
NET CURRENT LIABILITIES		**(7,058)**	(71,009)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 September 2018

	Note	**As at 30 September 2018 (Unaudited) *HK$'000***	As at 31 March 2018 (Audited) *HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		**70,235**	12,486
NON-CURRENT LIABILITIES			
Convertible bonds		**38,337**	–
Loan from the controlling shareholder	*9*	**30,000**	–
Deferred tax liabilities		**431**	249
Creditors, accruals and deposits received	*8*	**1,492**	1,492
		70,260	1,741
NET (LIABILITIES)/ASSETS		**(25)**	10,745
REPRESENTING:			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital		**41,662**	41,662
Reserves		**(38,813)**	(28,499)
		2,849	13,163
Non-controlling interests		**(2,874)**	(2,418)
TOTAL EQUITY		**(25)**	10,745

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2018

	Attributable to owners of the Company									
	Share capital	Accumulated losses	Share premium	Special reserve	Exchange reserve	Convertible bonds equity reserve	Other reserve	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1.4.2017 (audited)	27,775	(253,346)	173,887	3,801	(742)	1,390	(143)	(47,378)	(1,366)	(48,744)
Rights issue	13,887	–	85,002	–	–	–	–	98,889	–	98,889
Comprehensive loss										
Loss for the period	–	(16,363)	–	–	–	–	–	(16,363)	(255)	(16,618)
Other comprehensive income:–										
Exchange gain arising from translation of financial statements of foreign operations	–	–	–	–	21	–	–	21	4	25
Total comprehensive loss for the period	–	(16,363)	–	–	21	–	–	(16,342)	(251)	(16,593)
At 30.9.2017 (unaudited)	**41,662**	**(269,709)**	**258,889**	**3,801**	**(721)**	**1,390**	**(143)**	**35,169**	**(1,617)**	**33,552**
At 1.4.2018 (audited)	41,662	(291,033)	258,889	3,801	(1,403)	1,390	(143)	13,163	(2,418)	10,745
Extension of convertible bonds	–	1,390	–	–	–	346	–	1,736	–	1,736
Comprehensive loss										
Loss for the period	–	(12,726)	–	–	–	–	–	(12,726)	(431)	(13,157)
Other comprehensive income:–										
Exchange (loss)/gain arising from translation of financial statements of foreign operations	–	–	–	–	676	–	–	676	(25)	651
Total comprehensive loss for the period	–	(12,726)	–	–	676	–	–	(12,050)	(456)	(12,506)
At 30.9.2018 (unaudited)	**41,662**	**(302,369)**	**258,889**	**3,801**	**(727)**	**1,736**	**(143)**	**2,849**	**(2,874)**	**(25)**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	For the six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
NET CASH USED IN OPERATING ACTIVITIES	**(10,860)**	(7,227)
NET CASH FROM/(USED) IN INVESTING ACTIVITIES	**1,251**	(720)
NET CASH FROM FINANCING ACTIVITIES	**24,860**	94,762
NET INCREASE IN CASH AND CASH EQUIVALENTS	**15,251**	86,815
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**108,059**	22,228
EFFECT OF FOREIGN EXCHANGE RATE CHANGE	**29**	194
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**123,339**	109,237

ANALYSIS OF CASH AND CASH EQUIVALENTS

	As at 30 September 2018	As at 30 September 2017
	HK$'000	*HK$'000*
Cash and bank balances	**123,339**	109,237

Notes:

1. BASIS OF PREPARATION

(a) These unaudited condensed consolidated interim results have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

These unaudited condensed consolidated interim results should be read in conjunction with the consolidated financial statements for the year ended 31 March 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the most recent consolidated financial statements for the year ended 31 March 2018, except for the standards, amendments and interpretations (hereinafter collectively referred to as "Hong Kong Financial Reporting Standards" or "HKFRSs") issued by the HKICPA applicable to the annual period beginning on 1 April 2018. Details of these significant accounting policies change are set out in note 2.

The Group had not applied the HKFRSs that have been issued but were not yet effective for the accounting period of these unaudited condensed consolidated financial statements. The Directors anticipate that the application of these HKFRSs will have no material impact on the results and the financial position of the Group.

These condensed consolidated financial statements have been prepared under the historical cost convention.

(b) Adoption of the going concern basis

When preparing the unaudited condensed consolidated interim results, the Group's ability to continue as a going concern has been assessed. These unaudited condensed consolidated interim results have been prepared by the Directors on a going concern basis notwithstanding that the Group incurred a loss of approximately HK$13,157,000 for the six months period ended 30 September 2018 and as of that date, the Group had net current liabilities of approximately HK$7,058,000 as the Directors considered that:–

(1) Ms. Huang Li, being the sole beneficial owner and director of the controlling shareholder of the Company will provide continuing financial support to the Group; and

(2) On 22 June 2018, the lender of other loans signed a memorandum of loans with a subsidiary of the Company (the "Borrower"), pursuant to which the outstanding balance of other loans of approximately HK$115,037,000 as at 22 June 2018 will be repayable by the Borrower on 22 June 2019.

After taking into consideration of above factors, the Directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the unaudited condensed consolidated interim results to be prepared on a going concern basis since there are no material uncertainties related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

2. ADOPTION OF NEW HKFRSs AND AMENDMENTS TO HKFRSs

(a) Overview

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 9, Financial instruments

- HKFRS 15, Revenue from contracts with customers

Under the transition methods chosen, there is no significant cumulative effect of the initial application of HKFRS 9 and HKFRS 15 recognised by the Group as an adjustment to the opening balance of equity at 1 April 2018. Comparative information is not restated.

(b) HKFRS 9, Financial instruments

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement* and sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has initially adopted HKFRS 9 *Financial instruments* from 1 April 2018. The retrospective application of the new standards in accordance with the transition requirement does not have significant cumulative effect on balances as at 1 April 2018.

(i) Classification of financial assets and financial liabilities

HKFRS 9 categorizes financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;

– FVOCI (recycling), if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

– FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss as other income.

Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

There is no reclassification or remeasurement of the financial assets, including debtors, deposits and prepayments and cash and cash equivalents, from the adoption of HKFRS 9.

The measurement categories for all financial liabilities remain the same.

The carrying amounts for all financial liabilities at 1 April 2018 have not been impacted by the initial application of HKFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 April 2018.

(ii) ***Credit losses***

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to financial assets measured at amortised cost (including debtors, deposits and prepayments and cash and cash equivalents).

Impairment of financial assets

The Group recognises loss allowances for ECL on the financial instruments that are not measured at fair value through profit or loss. The Group considers the probability of default upon initial recognition of financial assets and assesses whether there has been a significant increase in credit risk on an ongoing basis.

The Group considers the credit risk on a financial instrument is low if the financial instrument has a low risk of default, the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfill its contractual cash flow obligations.

The carrying amount of the receivables is reduced through the use of the receivable impairment charges account. Changes in the carrying amount of the receivable impairment charges account are recognised in profit or loss. The receivable is written off against the receivable impairment charges account when the Group has no reasonable expectations of recovering the receivable.

If, in a subsequent period, the amount of ECLs decreases, the reversal would be adjusted to the receivable impairment charges account at the reporting date. The amount of any reversal is recognised in profit or loss.

(iii) ***Transition***

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

– Information relating to comparative periods has not been restated.

– The assessments have been made on the basis of the facts and circumstances that exist at 1 April 2018 (the date of initial application of HKFRS 9 by the Group) for the determination of the business model within which a financial asset is held.

– If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL is recognised for that financial instrument.

(c) HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a five-step model comprehensive framework for recognising revenue from contracts with customer: (i) identify the contract; (ii) identify performance obligations; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations; and (v) recognise revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. HKFRS 15 replaced HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and related interpretations.

In respect of provision of food and beverage and other services, given the short period of time to complete the services, the Group continues to recognise revenue from provision of food and beverage and other services when the services have been rendered upon adoption of HKFRS 15.

The Group has concluded that the initial application of HKFRS 15 does not have a significant impact on the timing of revenue recognition.

3. REVENUE

Revenue represents invoiced value recognized in respect of provision of food and beverage services, net of discounts and value-added tax, during the period. An analysis of the revenue recorded for the period is set out below:

	For the six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Provision of food and beverage services and others	**136,154**	152,096

4. LOSS BEFORE INCOME TAX

	For the six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss before income tax is arrived at after charging:		
(a) Finance costs: –		
Interests on bank loans and overdrafts repayable within five years	**91**	145
Interests on other loan	**688**	–
Interest on loan from the controlling shareholder	**669**	–
Interest expense on convertible bonds	**401**	401
Imputed interest expense on convertible bonds	**267**	239
Finance charge on obligations under finance lease	**–**	1
Other bank charges	**1,342**	1,418
	3,458	2,204
(b) Other items: –		
Amortization of other intangible assets	**648**	858
Depreciation	**4,479**	8,738

5. INCOME TAX

Taxation in the profit or loss represents: –

	For the six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax	**76**	66
Deferred tax	**595**	(654)
	671	(588)

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and BVI.

(ii) The Company's subsidiaries incorporated/established in Hong Kong, the People's Republic of China ("PRC") and Taiwan are subject to Hong Kong Profits Tax, PRC Enterprise Income Tax and Taiwan Profit-Seeking-Enterprise Income Tax at the rates of 16.5%, 25% and 17% respectively (2017: Hong Kong – 16.5%, PRC – 25% and Taiwan – 17%).

6. LOSS PER SHARE

The calculation of basic loss per share for all periods presented is based on loss attributable to owners of the Company and the weighted average number of ordinary shares of 4,166,175,000 (2017: 3,840,107,364 ordinary shares) in issue during all periods.

The weighted average number of ordinary shares adopted in calculation of basic loss per share for the six months ended 30 September 2017 have been adjusted after taking into account of the rights issue which was completed on 14 June 2017.

Diluted loss per share has not been disclosed as no dilutive potential equity shares in existence as at 30 September 2017 and 2018.

7. DEBTORS, DEPOSITS AND PREPAYMENTS

Debtors, deposits and prepayments comprise:

	As at 30 September 2018 (Unaudited) ***HK$'000***	As at 31 March 2018 (Audited) *HK$'000*
Trade debtors	**5,501**	5,578
Rental and utility deposits	**21,853**	23,641
Prepayments	**2,566**	1,843
Other debtors	**128**	1,174
	30,048	32,236

(a) Aging analysis

The trading terms with the Group's customers are mainly on cash and credit card settlements, except for well established corporate customers who entitled to a credit term of 30-60 days. For credit card settlements, the banks normally settle the balances within 2-3 days. The following was an aging analysis of trade debtors, which included outstanding balances for credit card settlements based on invoice date (net of allowance for doubtful debts), at the end of reporting period:

	As at 30 September 2018 (Unaudited) ***HK$'000***	As at 31 March 2018 (Audited) *HK$'000*
0 – 30 days	**4,653**	4,698
31 – 60 days	**641**	662
61 – 90 days	**19**	70
91 – 180 days	**26**	148
181 – 365 days	**162**	–
	5,501	5,578

(b) Trade debtors that are not impaired

The aging analysis of trade debtors that were not considered to be impaired was as follows:

	As at 30 September 2018 (Unaudited) ***HK$'000***	As at 31 March 2018 (Audited) *HK$'000*
Neither past due nor impaired	**4,653**	4,698
Past due but not impaired:		
1 – 30 days	**641**	662
31 – 60 days	**19**	141
61 – 90 days	**–**	77
91 – 180 days	**26**	–
181 – 365 days	**162**	–
	848	880
	5,501	5,578

Trade debtors that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Trade debtors that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

8. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received comprise:

	As at 30 September 2018 (Unaudited)	As at 31 March 2018 (Audited)
	HK$'000	*HK$'000*
Trade creditors	**18,682**	21,208
Accruals and provisions	**19,875**	21,476
Other creditors	**8,471**	12,467
Other loans - *Note 8 (a)*	**117,130**	116,716
	164,158	171,867
Less: classified in non-current liabilities	**(1,492)**	(1,492)
Classified in current liabilities	**162,666**	170,375

The following is an aging analysis, based on invoice date, of trade creditors:

	As at 30 September 2018 (Unaudited)	As at 31 March 2018 (Audited)
	HK$'000	*HK$'000*
0 – 30 days	**8,136**	8,892
31 – 60 days	**4,014**	9,510
61 – 90 days	**659**	868
91 – 180 days	**1,207**	1,432
Over 180 days	**4,666**	506
	18,682	21,208

Note:–

(a) Other loans of approximately HK$114,469,000 as at 30 September 2018 (31 March 2017: HK$113,789,000), which was unsecured and carried interest rate at 0.1% per month since 1 January 2018. The remaining amounts are interest-free and unsecured. On 22 June 2018, the lender of other loans signed a memorandum of loans with a subsidiary of the Company (the "Borrower"), pursuant to which the outstanding other loans balance of approximately HK$115,037,000 as at 22 June 2018 will be repayable by the Borrower on 22 June 2019. The remaining amounts are repayable on demand.

9. LOAN FROM THE CONTROLLING SHAREHOLDER

The loan from the controlling shareholder was unsecured two-year term loan and interest-bearing at the best lending rate as published by the Hongkong and Shanghai Banking Corporation Limited from time to time.

10. RELATED PARTY AND CONNECTED TRANSACTIONS

The Group had the following related party and connected transactions under the GEM Listing Rules during the period:

Except for the loan from the controlling shareholder, the Group had the following material transactions with its related parties in which a Director has controlling interest under the GEM Listing Rules during the period:

		Note	For the six months ended 30 September **2018** **(Unaudited)** ***HK$'000***	2017 (Unaudited) *HK$'000*
(i)	Interest expense on convertible bonds to Mr. Tang [#]	*(a)*	**–**	401
(ii)	Rental expenses to Joint Allied Limited [##]	*(b)*	**–**	755

[#] Mr. Tang resigned as the chairman and executive director of the Company with effect from 8 November 2016 and resigned as a director of all the Company's subsidiaries with effect from 20 January 2017. However, Mr. Tang was a Director of the Company or its subsidiaries in the past 12 months and he was deemed as a connected person of the Group until 19 January 2018 under the GEM Listing Rules.

By virtue of the above, Mr. Tang has ceased to be a connected person of the Company under the GEM Listing Rules since 20 January 2018, and the Group did not record any interest expense on convertible bonds paid to Mr. Tang under the category of "Related Party Transaction and Connected Transaction" for the six months ended 30 September 2018.

[##] Joint Allied Limited is owned by a family trust in which Mr. Tang is one of the beneficiaries.

Notes:

(a) The interest rate was determined at 2% per annum.

(b) The transaction was entered based on normal commercial terms.

Key management compensation

	For the six months ended 30 September **2018** **(Unaudited)** ***HK$'000***	2017 (Unaudited) *HK$'000*
Fees for key management personnel	**510**	510
Salaries, allowances and other benefits in kind	**1,750**	1,425
Retirement scheme contributions	**27**	27
	2,287	1,962

11. SEGMENT INFORMATION

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the Directors) in order to allocate resources to the segment and to assess its performance.

(a) The Group operates in one business unit, and has one reportable and operating segment: food and beverage. Accordingly, the Group does not have any identifiable segment or any discrete information for segment reporting purpose.

(b) Geographical information

	PRC For the six months ended 30 September		Hong Kong/overseas For the six months ended 30 September		Consolidated For the six months ended 30 September	
	2018	2017	**2018**	2017	**2018**	2017
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**28,545**	34,898	**107,609**	117,198	**136,154**	152,096
Other revenue	**369**	331	**1,021**	860	**1,390**	1,191
Total revenue	**28,914**	35,229	**108,630**	118,058	**137,544**	153,287

	PRC		Hong Kong/overseas		Consolidated	
	At 30 September 2018	At 31 March 2018	**At 30 September 2018**	At 31 March 2018	**At 30 September 2018**	At 31 March 2018
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Non-current assets	**4,686**	4,606	**70,604**	77,061	**75,290**	81,667

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets (excluding deferred tax assets) is based on (i) the physical location of the assets, in the case of plant and equipment, (ii) the location of operation to which they are allocated, in the case of intangible assets and goodwill, and (iii) the location of operation to which they are incurred, in the case of debtors, deposits and prepayments.

(c) Major customers

The Group's customer base is diversified and no revenues from transactions with a single external customer amount to 10% or more of the Group's revenue for the six months ended 30 September 2018 and 2017.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 September 2018 (2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's unaudited revenue for the interim period ended 30 September 2018 amounted to approximately HK$136.2 million (2017: approximately HK$152.1 million), representing a decrease of approximately 10.5% compared with the same period of the last financial year. Net loss attributable to owners of the Company decreased by approximately HK$3.7 million to approximately HK$12.7 million as compared with the same period of the last financial year.

Industry Overview

During the period, the financial market continued to suffer from the global geopolitical risks. US-China trade talks ended with no breakthroughs and as the trade war further escalated, conflicts between US and China extended to the domain of diplomacy, military and technology. The Federal Reserve hiked interest rates three times this year, whereas currency devaluation in emerging markets such as Venezuela, Argentina and Turkey sparked credit crisis. All these events have intensified the instabilities within the global economy.

In the domestic market, due to further escalation of protectionism, China's economic growth has slowed down slightly as reflected in a decrease in its gross domestic product ("GDP") growth rate to 6.5% in the third quarter of 2018. Owing to the appreciation of the US dollar and the rising US interest rate, the Renminbi has been weakening, bringing considerable pressure to the income of entire industry. Nevertheless, consumption upgrades have driven up the growth of the service industries, including the food and beverage ("F&B") industry. According to the National Bureau of Statistics of China, catering revenues grew by 9.8% year-on-year during January-September 2018. During the period, consumer demand had changed significantly, with the market focusing on personalized service experiences, the F&B services was further divided into more refined categories, while high opening rate and elimination of weak performers had become the new normal within the industry, showing increasingly fierce competition within the F&B industry.

In the local market, owing to the instability within the global economy, Hong Kong's GDP growth slowed down to 3.5% year-on-year in the second quarter of 2018, which fell below market expectation. Although the provisional estimate of the total revenue and total purchase of restaurants increased by 6.6% and 5.8% year-on-year respectively in the second quarter of 2018, the overall economic climate had deteriorated. Facing long-term pressure from the increasing costs of food, rent and labour, as well as the challenges of employee turnover, the business environment has become increasingly difficult.

Despite Renminbi had weakened since the second quarter of this year, the number of mainland visitors and their consumption sentiment have not been affected. The F&B industry in Hong Kong continued to dedicate efforts to seize any development opportunities amidst the uncertain environments, thereby easing the problem of continuous margin squeeze.

Business Review

The F&B industry remains competitive and challenging during the period under review. Intense market competition because customers are price sensitive to sales discount and market promotions, and their preferences and consumption patterns are changing rapidly. Enduring challenges are four tremendous pressures arising from high costs of rental, labour, food and utilities; solving the problem of labour shortage is another daily difficulty. Amid this unfavorable business environment in recent years, we continue to strive for survival and growth, through strengthening our attractiveness to new and old customers and hence retaining loyal customers, by frequent menu revamping and consistent provision of quality food and services.

The Group's F&B businesses are a collection of Japanese related concepts in the Greater China region, including the restaurants, café and cake shops under the Japanese brand of Italian Tomato, the Japanese tonkatsu under the brand of Ginza Bairin, the Japanese curry specialty stores under the brand of Shirokuma Curry and the Japanese izakaya under the brand of Enmaru.

Italian Tomato, our major brand of restaurants, café and cake shops, is still a big contributor to the Group's revenue. Through years of effort on product innovation, menu re-engineering and customer relationships, Italian Tomato has already been a well-recognized brand in Hong Kong. Leveraged on our success in Hong Kong, we expanded Italian Tomato's network to PRC and Taiwan. During the period under review, Italian Tomato closed 2 cafés in Hong Kong due to the end of tenancy, however the contribution of these 2 cafes were relatively low to the Group. The last shop in the PRC was closed during the period under review because the current market environment of F&B industry in the PRC is quite vibrant, the management needs to make a thorough review and formulate a strategy for future development. The market competition in Taiwan became intense but Italian Tomato maintained 5 shops there, the management needs more effort to consider the next marketing step in Taiwan. As at 30 September 2018, Italian Tomato has 36 shops in total in Hong Kong and Taiwan. The management believes that after years of establishment and presence in Hong Kong, the PRC and Taiwan, lessons and experience are accumulated while weaknesses and strengths are identified, a thorough repositioning is undergoing for Italian Tomato.

There is no material change to Ginza Bairin, the Japanese tonkatsu, during the period under review. This brand maintains 2 shops in Hong Kong and 1 shop in the PRC as at 30 September 2018.

Shirokuma Curry has no material change during the period under review and maintains 2 shops in Hong Kong and 7 shops in the PRC as at 30 September 2018. Meanwhile, its licensing business has made little progress and has 6 licensed shops as at 30 September 2018. As Shirokuma's network becomes larger, the management needs more concentration on its quality control as it will be a huge challenge to advance the franchise system. The history of Shirokuma Curry license operation is still short and needs times to growth.

Enmaru, the Japanese izkaya, still encounters with stiff competition. Due to the end of tenancy, Enmaru closed 2 shops during the period under review and remains 2 shops as at 30 September 2018. The management is searching for new location with reasonable rent for shop opening. Shortage of Japanese staff is a problem to the growth of Enmaru, the management is actively searching for Japanese staff because Japan element is important to this dining concept. Enmaru's current contribution to the Group is not satisfactory, the management hopes Enmaru can regain its growth once an innovative dining ambiance is created to this brand.

Future Prospects

The market expects that negative implications of the trade war will gradually emerge in the coming year, adversely affecting the local consumption atmosphere, as well as adding uncertainty in the F&B industry. In addition to high rents, the industry will also face the increasing labour cost resulted from the rising minimum wages and the abolition of Mandatory Provident Fund hedging. Despite the difficult business environment, the Group will continue to strictly control food quality, attend to the customers' needs, improve service quality and optimize customers' experiences, in order to enhance the overall operational efficiency. The opening of Hong Kong session of Guangzhou-Shenzhen-Hong Kong high-speed railway in September this year, along with the opening of Hong Kong-Zhuhai-Macao Bridge in October this year, will effectively widen the "one-hour living circle", thus realizing the concept of this year the Great Bay Area and leveraging on Hong Kong's geographical advantage. Hong Kong is expected to benefit from an increasing number of visitors, which will boost local consumption and bring positive contribution to the F&B sales.

Oceanic Fortress Holdings Limited ("Oceanic Fortress", the "Offeror") and the Group closed a mandatory unconditional cash offer on 10 October 2018. Immediately after the close of the mandatory unconditional cash offer, Oceanic Fortress and parties acting in concert with it were interested in an aggregate of 2,335,586,529 shares of the Company (the "Shares"), representing approximately 56.06% of the entire issued share capital of the Company. Mr. Chan Kin Chun Victor resigned from position as an executive Director, Chairman and authorized representative of the Company. Mr. Huang Chao (the son of Ms. Huang Li, the sole beneficial owner and director of Oceanic Fortress Holdings Limited, the controlling shareholder of the Company) became the new Executive Director, the Chairman of the Board and the authorized representative of the Company, and began his tenure on 10 October 2018. Oceanic Fortress will not only strengthen the financial capacity of the Group, but also create strong growth momentum to the Group's business capitalizing on its vast resources and networks.

The Group will continue its existing F&B business. To secure a strong footing and make relentless progress in the rapidly changing market, the Group will grasp any business opportunities to further diversify its businesses. The management will keep reviewing the existing businesses and the shops' operating conditions, as well as increasing its flexibility to generate new source of revenue, in other to enhance the Group's overall competitiveness and achieve long-term success. In addition, the Group will consider appropriate investments to contribute to the growth of business and asset base, thereby broadening its revenue stream and achieving better returns for its shareholders.

FINANCIAL REVIEW

For the six months ended 30 September 2018, the Group recorded revenue of approximately HK$136.2 million (2017: approximately HK$152.1 million), decreased by approximately 10.5% compared with the corresponding period last year.

Loss attributable to owners of the Company was approximately HK$12.7 million (2017: approximately HK$16.4 million).

The gross profit margin of the Group was 67% (2017: 67%).

The Group strived to exercise stringent cost control and further enhance operational efficiency during the period. As a result, total operating expenses were decreased by approximately 13.8% to approximately HK$101.9 million (2017: approximately HK$118.2 million).

Financial Resources and Liquidity

As at 30 September 2018, the Group's current assets amounted to approximately HK$157.1 million (at 31 March 2018: approximately HK$145.0 million) of which approximately HK$123.3 million (at 31 March 2018: approximately HK$108.1 million) was cash and bank deposits, approximately HK$30.0 million (at 31 March 2018: approximately HK$32.2 million) was debtors, deposits and prepayments. The Group's current liabilities amounted to approximately HK$164.1 million (at 31 March 2018: approximately HK$216.0 million), including creditors, accruals and deposits received in the amount of approximately HK$162.7 million (at 31 March 2018: approximately HK$170.4 million). On 15 August 2018, the Company entered into the second supplemental deed with the bondholder pursuant to which the Company and the bondholder agreed to extend the maturity date of the Convertible Bond (as defined in the announcement of the Company dated 15 August 2018) for 36 months from the date falling on the sixth anniversary of the date of issue of the convertible bonds, being 15 August 2018, to 15 August 2021. As such, the Convertible Bonds (as defined in the announcement of the Company dated 15 August 2018) amounting to approximately HK$39.8 million which was classified as current liabilities as at 31 March 2018 and amounted to approximately HK$38.3 million was classified as non-current liabilities as at 30 September 2018.

Current ratio and quick assets ratio were 0.96 and 0.94 respectively (at 31 March 2018: 0.67 and 0.65 respectively). As at 30 September 2018, as the Group incurred net liabilities as at 30 September 2018, there is no debt-to-equity ratio, which is expressed as a ratio of total debts less cash and bank balances to total equity to be calculated. At 31 March 2018, the debt-to-equity ratio was 10.21.

Foreign Exchange

During both periods for six months ended 30 September 2018 and 2017, the Group conducted commercial transactions in the PRC and Taiwan denominated in Renminbi and New Taiwan Dollar respectively. Fluctuation in exchange rates of Renminbi and New Taiwan Dollar against Hong Kong Dollar could affect the Group's results of operations. During both periods for the six months ended 30 September 2018 and 2017, no hedging transaction or other exchange rate arrangements were made.

Charges on the Group's Assets

No assets of the Group had been pledged or charged as at 30 September 2018 and 31 March 2018.

Capital Commitments

As at 30 September 2018 and 31 March 2018, the Group did not have any material capital commitments.

Contingent Liabilities

As at 30 September 2018 and 31 March 2018, the Group did not have any contingent liabilities.

Save as disclosed above, during the six months ended 30 September 2018 and 2017, there was no on-going financial exposure to borrowers or other on-going matters of relevance as defined in Rules 17.22 to 17.24 of the GEM Listing Rules.

Employees and Remuneration Policies

As at 30 September 2018, the Group had 353 employees in Hong Kong, the PRC and Taiwan (at 31 March 2018: 459 employees in Hong Kong, the PRC and Taiwan). The remuneration of employees of the Group is determined by reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and in reward for their contributions. Other fringe benefits such as medical subsidies, medical insurance, education/training subsidies, pension fund plans are offered to most employees. Share options are granted at the discretion of the Board and under the terms and conditions of the Share Option Schemes adopted on 26 February 2003 and 20 July 2012 (collectively referred to as the "Share Option Schemes").

MANDATORY UNCONDITIONAL CASH OFFERS

References are made to the joint announcements issued by the Company and Oceanic Fortress on 25 April 2018, 16 May 2018, 25 June 2018, 26 June 2018, 25 July 2018, 9 August 2018 and 31 August 2018 and the composite offer and response document dated 19 September 2018 jointly issued by the Company and the Offeror (the "Composite Document") in relation to, among other things, the Share Offer.

On 23 April 2018, the Company was informed by Win Union Investment Limited (the then controlling shareholder of the Company) (the "Vendor") that, on 23 April 2018, the Offeror entered into the Sale and Purchase Agreement (as defined in the Composite Document) with the Vendor and the Vendor Guarantor (as defined in the Composite Document), pursuant to which the Offeror conditionally agreed to purchase, and the Vendor conditionally agreed to sell an aggregate of 2,172,417,439 Shares, representing approximately 52.14% of the entire issued share capital of the Company at the Latest Practicable Date (as defined in the Composite Document) (the "Acquisition"). The completion of the Acquisition (the "Completion") took place on 25 April 2018 in accordance with the terms of the Sale and Purchase Agreement (as defined in the Composite Document). The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability and is wholly owned by Ms. Huang Li, who is also the sole director of the Offeror.

Following the Completion, the Offeror and the parties acting in concert with it were interested in, held, and/or controlled 2,172,417,439 Shares, representing approximately 52.14% of the then total issued Share capital of the Company. Accordingly, pursuant to Rule 26.1 and Rule 13 of the Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong (the "Takeovers Code"), the Offeror was required to make a mandatory unconditional cash offer to acquire all of the issued shares of the Company (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

The Share Offer was closed at 4:00 p.m. on 10 October 2018 ("Closing Date"). Immediately after the close of the Share Offer, the Offeror and parties acting in concert with it were interested in an aggregate of 2,335,586,529 Shares, representing approximately 56.06% of the entire issued share capital of the Company as at 10 October 2018. Details of the results of the Share Offer are set out in the announcement of the Company dated 10 October 2018.

USE OF PROCEEDS FROM THE RIGHTS ISSUE

On 27 April 2017, the Company announced that it proposed to raise approximately HK$100 million, before expenses, by way of allotting and issuing 1,388,725,000 rights shares (the "Rights Shares") by way of rights issue (the "Rights Issue") at the subscription price of HK$0.072 per Rights Shares, on the basis of one (1) Rights Shares for every two (2) existing Shares held on 19 May 2017. Completion of the Rights Issue took place on 14 June 2017.

Among the net proceeds of the Rights Issue of approximately HK$99 million (the "Net Proceeds"), as at 30 September 2018, approximately HK$3.0 million and HK$12.5 million have been used as operation and expansion of the existing F&B business and the Company's corporate expenses respectively. HK$83.5 million of the Net Proceeds remained unutilized as at 30 September 2018. This remaining balance is kept in the Company's bank account. Set out below is the breakdown of the use of the Net Proceeds up to, and the balance thereof as at, 30 September 2018:

Summary of use of Net Proceeds

Use of net proceeds	**Total planned amount to be used**	**Actual amount utilized up to 30 September 2018**	**Actual balance as at 30 September 2018**
	HK$' million	*HK$' million*	*HK$' million*
Operation and expansion of the existing F&B business	29.0	3.0	26.0
Company's corporate expenses	20.0	12.5	7.5
Repayment of bank loans	15.0	–	15.0
Potential investment opportunities	35.0	–	35.0
	99.0	15.5	83.5

During the six months ended 30 September 2018, the Group pursued a prudent yet efficient network expansion strategy and Net Proceeds amounting to approximately HK$3.0 million had been utilized for operating and expanding existing F&B business.

In addition, the Group continued using its internal funds to repay regular bank loans. The Group had not utilized the Net Proceeds intended for bank loan repayment during the six months ended 30 September 2018.

As at 30 September 2018, the Group was still under negotiations for acquiring a Chinese restaurant chain and the use of patent licenses regarding nano electricity generator technology. While the Group had not entered into any agreements nor memorandum of understanding for any acquisitions, the Net Proceeds for potential investment opportunities purpose were still reserved.

The Directors will constantly evaluate the Group's business objectives and may change or modify the plans against the changing market condition to suit the business growth of the Group. Further announcement(s), in respect of redeploying the allocation and use of Net Proceeds, if any, will be made in accordance with the requirements of the GEM Listing Rules as and when appropriate to update its shareholders and potential investors.

EVENTS AFTER THE REPORTING PERIOD

Change in use of proceeds from the Rights Issue

As the Company has fully repaid its regular bank loans using its internal funds and had not utilised such amount of the Net Proceeds originally earmarked for repayment of bank loans. The Board has resolved that, HK$15 million of the Net Proceeds that was originally planned to be applied for the repayment of bank loans will be reallocated and changed to the investment in the electronic cigarette industry. Details of change in use of the Net Proceeds are set out in the announcement of the Company dated 6 November 2018.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 September 2018, so far as the Directors were aware, none of the directors and the chief executives of the Company had any interest or short position in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required, pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2018, according to the register kept by the Company pursuant to section 336 of SFO, so far as the Directors were aware, the following persons (other than the Directors whose interests are disclosed above) had, or was deemed or taken to have, an interest or a short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group or had any options in respect of such capital:

Name of shareholders	Capacity in which interests were held	Number of Shares held	Number of underlying shares held	Total number of Shares and underlying shares	Approximate percentage of interest in issued capital %
Oceanic Fortress *(Note 1)*	Beneficial owner	2,172,417,439	–	2,172,417,439	52.14%
Ms. Huang Li *(Note 1)*	Interest of corporation controlled by Ms. Huang Li	2,172,417,439	–	2,172,417,439	52.14%
Mr. Tang Sing Ming Sherman *(Note 2)*	Beneficial owner	–	571,428,571	571,428,571	13.72%
Ms. Ho Ming Yee *(Note 3)*	Interest of a substantial shareholder's spouse	–	571,428,571	571,428,571	13.72%

Notes:

(1) The ordinary Shares are held by Oceanic Fortress, the entire issued shares of which is owned by Ms. Huang Li.

(2) Mr. Tang Sing Ming Sherman holds the convertible bonds in respect of the outstanding principal amount of HK$40,000,000, under which a total of 571,428,571 ordinary Shares would be issued upon full exercise of the conversion rights attaching thereto. Upon full conversion of the convertible bonds, Mr. Tang Sing Ming Sherman would hold 571,428,571 ordinary Shares, representing approximately 13.72% of the issued share capital of the Company as at 30 September 2018.

(3) Ms. Ho Ming Yee is the spouse of Mr. Tang Sing Ming Sherman, and is therefore deemed to be interested in the same number of Shares held by Mr. Tang Sing Ming Sherman.

(4) Based on 4,166,175,000 ordinary Shares in issue as at 30 September 2018.

Save as disclosed above, as at 30 September 2018, so far as the Directors were aware, the Directors were not aware of any person (other than the Directors whose interests are disclosed above) who had an interest or a short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group or had any options in respect of such capital.

SHARE OPTIONS

Share Option Schemes

The purpose of the Share Option Schemes is to provide the participants with an opportunity to acquire equity interests in the Company, thus providing them with an incentive to continue contributing to the success of the Company.

Subject to the terms of the Share Option Schemes, the committee (the "Committee") which was authorized and charged by the Board with the administration of the Share Option Schemes may, at any time, offer to grant to any employee, agent, consultant or representative of the Company or any of its subsidiaries, including any executive or non-executive Director of the Company or any subsidiary of the Company who, the Committee may determine in its absolute discretion, has made valuable contribution to the business of the Group based on his or her performance and/or years of service, or is regarded as valuable human resources of the Group based on his or her work experience, knowledge in the industry and other relevant factors, options (the "Share Options") to subscribe for such number of shares as the Committee may determine at the exercise price.

The maximum number of shares to be issued in respect of which options may be granted (together with shares in respect of which options are then outstanding under the Share Option Schemes or any other schemes of the Company) under the Share Option Schemes shall not exceed such number of shares as shall represent 30% of the issued share capital of the Company from time to time.

The maximum entitlement for any one participant (including exercised, cancelled and outstanding options) granted or to be granted in any twelve months period shall not exceed 1% of the total number of shares in issue, provided that options may be issued in excess of such limit if the new grant exceeding 1% of the total number of shares in issue shall have been approved by shareholders of the Company in a general meeting at which the proposed grantee and his associates shall have abstained from voting.

Options may be exercised in whole or in part in the manner provided in the Share Option Schemes by a grantee (or, as the case may be, by his or her legal personal representative) giving notice in writing to the Company after it has vested at any time during the period (the "Option Period"), which shall be not more than ten years from the date an option is offered (the "Offer Date"). No performance target is required to be reached by the participant before any option can be exercised.

A sum of HK$1 is payable by the participant on acceptance of the option offer.

The exercise price for the shares (the "Exercise Price") in relation to options to be granted under the Share Option Schemes shall be determined by the Committee and notified to a participant and shall be at least the higher of:

(i) the closing price of the shares as stated in the daily quotation sheets of the Stock Exchange on the Offer Date; and

(ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date,

provided that the Exercise Price shall not be lower than the nominal value of the shares.

No share option was granted during period under review and as at 30 September 2018 and 31 March 2018, there was no outstanding share option.

CHANGE OF DIRECTORS AND COMPOSITION OF BOARD COMMITTEES

As disclosed in the Composite Document, Mr. Chan Kin Chun Victor tendered his resignation from the position as the executive Director, the Chairman and the authorized representative of the Company upon Completion with effect upon the later of (i) the date immediately after the Closing Date in compliance with the Takeovers Code; and (ii) the earliest time permitted under (or pursuant to any dispensation from) the Takeovers Code, the GEM Listing Rules or other rules or regulations applicable to the Company or by the SFC (the "Effective Date"). The Offeror intends to nominate Mr. Huang Chao（黃超）("Mr. Huang"), the son of Ms. Huang Li, as the new executive Director and Chairman to the Board and authorized representative of the Company and such appointments will take effect on the Effective Date.

As such, with effect after the close of the Share Offer at 4:00 p.m. on 10 October 2018, Mr. Chan Kin Chun Victor resigned as an executive Director and Chairman of the Board and Mr. Huang has been appointed as an executive Director, Chairman of the Board and an authorized representative of the Company. Details of the changes of management and composition of board committees are set out in the announcement of the Company dated 10 October 2018.

Mr. Huang, aged 30, obtained a degree of bachelor of commerce – professional accounting from the Macquarie University in April 2012. He joined Shenzhen Oceania Printing Company Limited ("Shenzhen Oceania") as a consultant in international market in July 2012 for a term of four years until July 2016, and started to gain access to and possessed knowledge and experience in the paper packaging industry when he joined Shenzhen Oceania. Mr. Huang was a non-executive Director of Beijing Enterprises Clean Energy Group Limited (formerly known as Jin Cai Holdings Company Limited) (stock code: 1250), the issued shares of which are listed on the main board of the Stock Exchange from June 2013 to May 2015. Save as mentioned above, during the three years preceding the date of this report, Mr. Huang did not hold any directorship in any public companies whose securities are listed on a stock exchange or any other major appointments.

Mr. Zheng Hua, who is the brother-in-law of Ms. Huang Li, is the uncle of Mr. Huang. Mr. Huang is the son of Ms. Huang Li, the sole beneficial owner and director of Oceanic Fortress, the controlling shareholder of the Company.

COMPETING INTERESTS

As at 30 September 2018, none of the directors, the controlling shareholders or their respective associates (as defined in the GEM Listing Rules) had any interests in any business which competed with or might compete with the business of the Group or had any other conflicts of interests with the Group.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's draft annual, interim and quarterly financial reports and accounts and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group. The audit committee comprises three independent non-executive Directors, namely Mr. Chan Yee Ping Michael, Mr. Deng Guozhen and Mr. Zeng Shiquan.

Up to the date of approval of the Group's unaudited results for the six months ended 30 September 2018, the audit committee had held two meetings and had reviewed the draft interim report and accounts for the six months ended 30 September 2018 prior to recommending such report and accounts to the Board for approval.

DIRECTORS' SECURITIES TRANSACTIONS

Throughout the six months ended 30 September 2018, the Company adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, the Company confirms that all of the Company's directors complied with such required standard of dealings and its code of conduct regarding directors' securities transactions.

CORPORATE GOVERNANCE

The Company is firmly committed to maintaining and ensuring a high level of corporate governance standards and will review and improve the corporate governance practices and standards constantly. The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules throughout the six months ended 30 September 2018.

On behalf of the Board
Huang Chao
Chairman and Executive Director

Hong Kong, 9 November 2018

As at the date of this report, the executive Directors are Mr. Huang Chao and Mr. Zheng Hua; and the independent non-executive Directors are Mr. Chan Yee Ping Michael, Mr. Deng Guozhen and Mr. Zeng Shiquan.

This report will remain on the GEM website on the "Latest Company Announcements" page for at least 7 days from the date of its posting.