

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## VESTATE GROUP HOLDINGS LIMITED

### 國投集團控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1386)**

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

The board of directors (the “**Board**”) of Vestate Group Holdings Limited (the “**Company**”) presents the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2020, together with comparative figures as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

*For the period ended 30 September 2020*

	<i>Notes</i>	<b>Unaudited 2020 HK\$'000</b>	<b>Unaudited 2019 HK\$'000 (restated)</b>
Revenue	2	<b>14,402</b>	31,722
Cost of sales		–	(1,596)
Service costs		<b>(1,864)</b>	(5,951)
<b>Gross profit</b>		<b>12,538</b>	24,175
Selling and distribution costs		<b>(849)</b>	(19,340)
Administrative expenses		<b>(15,633)</b>	(17,139)
Other gains or losses	3	<b>2</b>	(1,455)
Other income	4	<b>835</b>	66
<b>Operating loss</b>		<b>(3,107)</b>	(13,693)

		<b>Unaudited</b>	Unaudited
		<b>2020</b>	2019
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
			(restated)
Finance income		–	1
Finance costs		<u>(33,945)</u>	<u>(32,922)</u>
Finance costs, net		<b>(33,945)</b>	(32,921)
Share of losses of associates		<u>(480)</u>	<u>(543)</u>
<b>Loss before income tax</b>	5	<b>(37,532)</b>	(47,157)
Income tax credit	6	<u>753</u>	–
<b>Loss for the period</b>		<b><u>(36,779)</u></b>	<b><u>(47,157)</u></b>
<b>Loss for the period attributable to:</b>			
Equity holders of the Company		<b>(36,091)</b>	(45,555)
Non-controlling interests		<u>(688)</u>	<u>(1,602)</u>
		<b><u>(36,779)</u></b>	<b><u>(47,157)</u></b>
<b>Loss per share attributable to equity holders of the Company</b>			
<i>(expressed in HK cents per share)</i>			
– Basic	7	<b>(5.04)</b>	(6.36)
– Diluted	7	<b><u>(5.04)</u></b>	<b><u>(6.36)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2020

	Unaudited 2020 HK\$'000	Unaudited 2019 HK\$'000 (restated)
<b>Loss for the period</b>	<u>(36,779)</u>	<u>(47,157)</u>
Other comprehensive income/(loss) <i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>906</u>	<u>(2,212)</u>
Other comprehensive income/(loss) for the period	<u><u>906</u></u>	<u><u>(2,212)</u></u>
<b>Total comprehensive loss for the period</b>	<u><u>(35,873)</u></u>	<u><u>(49,369)</u></u>
<b>Total comprehensive loss for the period attributable to:</b>		
Entity holders of the Company	(35,074)	(47,982)
Non-controlling interests	<u>(799)</u>	<u>(1,387)</u>
	<u><u>(35,873)</u></u>	<u><u>(49,369)</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2020*

		Unaudited 30 September 2020	Audited 31 March 2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		706	739
Right-of-use assets		4,289	6,216
Other intangible assets		122,425	126,652
Interests in associates		10,917	11,009
Deposits and prepayments		276	276
		138,613	144,892
<b>Current assets</b>			
Trade receivables	9	1,611	1,568
Deposits, prepayments and other receivables		106,132	114,083
Loans receivable		169,988	148,312
Amounts due from associates		7,038	6,797
Cash and cash equivalents		10,713	5,051
		295,482	275,811
<b>Current liabilities</b>			
Trade payables	10	54,690	52,999
Accruals and other payables		321,962	273,386
Convertible bonds		190,842	187,706
Corporate bond payable		404,000	405,000
Amounts due to associates		1,558	2,187
Lease liabilities		2,704	3,124
Income tax payable		1,052	1,010
		976,808	925,412
<b>Net current liabilities</b>		<b>(681,326)</b>	<b>(649,601)</b>
<b>Total assets less current liabilities</b>		<b>(542,713)</b>	<b>(504,709)</b>

	<b>Unaudited</b> <b>30 September</b> <b>2020</b> <i>Notes</i> <b>HK\$'000</b>	Audited 31 March 2020 <i>HK\$'000</i>
<b>Non-current liabilities</b>		
Lease liabilities	1,722	3,205
Deferred tax liabilities	<u>16,318</u>	<u>17,071</u>
	<u>18,040</u>	<u>20,276</u>
<b>Net liabilities</b>	<u><u>(560,753)</u></u>	<u><u>(524,985)</u></u>
<b>Equity</b>		
Share capital	71,619	71,619
Share premium	673,503	673,503
Reserves	<u>(1,301,926)</u>	<u>(1,266,957)</u>
Equity attributable to owners of the Company	<u>(556,804)</u>	<u>(521,835)</u>
Non-controlling interests	<u>(3,949)</u>	<u>(3,150)</u>
<b>Total equity</b>	<u><u>(560,753)</u></u>	<u><u>(524,985)</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2020 have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2020 annual financial statements.

The preparation of these condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with the HKFRSs and should be read in conjunction with the 2020 consolidated financial statements.

### 1.1 Going concern basis

The Group incurred a net loss of approximately HK\$36,779,000 for the period ended 30 September 2020 and had net current liabilities of approximately HK\$681,326,000 as at 30 September 2020.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern, and therefore, that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of these circumstances, the Directors have given careful consideration to the future liquidity of the Group, and its available sources of financing in assessing whether the Group has sufficient financial resources to continue as a going concern. The Directors have reviewed the Group’s cash flow projections prepared by management covering a period of twelve months from 30 September 2020. In order to improve the Group’s financial position and alleviate the liquidity pressure, the Directors have been implementing various measures as follows:

- (a) On 23 June 2020, an independent third party granted a stand-by revolving loan facilities of up to RMB200,000,000 to the Group, which is available to draw down on or before 30 June 2021. The loan facility is guaranteed by Mr. ZHU Xiaojun, the Chairman of the Company, and bears interest at 18% per annum. The Directors believe that this loan facility is available for draw down as additional working capital of the Group, as and when needed. The Directors are of the opinion that this facility will be renewed upon expiry on 30 June 2021 and will continue to be available to the Group for the next twelve months from 30 September 2020.

- (b) The Group is implementing various measures, such as optimising its overall sales network by relocating certain outlets, and controlling the costing to improve the profit margin and operating cashflows of its footwear retailing business.
- (c) The Group will also continue to seek for other alternative financing and bank borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures.

The Directors are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from 30 September 2020. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their net realisable amounts, to provide for further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

## **2 SEGMENT INFORMATION**

The Group is principally engaged in the retailing of footwear and convenience stores, finance services business, and e-Commerce and e-Payment business.

The chief operating decision-maker has been identified as the Executive Directors. The Executive Directors review the Group's financial information to assess performance and allocate resources.

The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Retail business
- Finance services business
- e-Commerce and e-Payment

The Executive Directors assess the performance of the operating segments based on a measure of segment loss without allocation of administrative expenses, other gains or losses (excluding impairment losses recognised in respect of goodwill and other intangible assets), other income and finance income/(costs), which is consistent with that in the financial statements.

Segment assets mainly exclude interests in associates, amounts due from associates and refundable advance payment (included in deposits, prepayments and other receivables).

Segment liabilities mainly exclude income tax payable, convertible bonds, corporate bond payable and amounts due to associates.

The segment results are as follows:

Unaudited Six months ended 30 September 2020					
	Retail business <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	e-Commerce and e-Payment <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	5,116	6,668	2,618	–	14,402
Segment gain/(loss)	4,267	6,668	754	(14,796)	(3,107)
Finance income					–
Finance costs					(33,945)
Share of losses of associates					(480)
Income tax credit					753
Loss for the period					(36,779)
Other segment items are as follows:					
Capital expenditure	37	–	–	–	37
Depreciation of property, plant and equipment	37	–	20	–	57
Amortisation of intangible assets	36	–	4,228	–	4,264
Depreciation of right-of-use assets	895	426	606	–	1,927
Written back of provision for inventories	(4,447)	–	–	–	(4,447)
					(36,779)
Other segment items are as follows:					
Capital expenditure	613	–	–	–	613
Depreciation of property, plant and equipment	580	–	115	110	805
Amortisation of intangible assets	45	–	2,786	–	2,831
Depreciation of right-of-use assets	–	–	–	–	–
Written back of provision for inventories	(1,256)	–	–	–	(1,256)
					(47,157)

  

Unaudited Six months ended 30 September 2019					
	Retail business <i>HK\$'000</i>	Financial services <i>HK\$'000</i>	e-Commerce and e-Payment <i>HK\$'000</i> (restated)	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i> (restated)
Revenue	12,876	6,173	12,673	–	31,722
Segment (loss)/gain	(8,061)	6,173	6,723	(18,528)	(13,693)
Finance income					1
Finance costs					(32,922)
Share of losses of associates					(543)
Income tax expense					–
Loss for the period					(47,157)
Other segment items are as follows:					
Capital expenditure	613	–	–	–	613
Depreciation of property, plant and equipment	580	–	115	110	805
Amortisation of intangible assets	45	–	2,786	–	2,831
Depreciation of right-of-use assets	–	–	–	–	–
Written back of provision for inventories	(1,256)	–	–	–	(1,256)
					(47,157)



An analysis of the Group's assets and liabilities is set out below:

<b>Unaudited</b>				
<b>As at 30 September 2020</b>				
	<b>Retail business <i>HK\$'000</i></b>	<b>Financial services <i>HK\$'000</i></b>	<b>e-Commerce and e-Payment <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
Segment assets	17,323	172,211	151,328	340,862
Unallocated assets				93,233
Total assets				<u>434,095</u>
Segment liabilities	121,503	2,680	69,789	193,972
Unallocated liabilities				800,876
Total liabilities				<u>994,848</u>
<b>Audited</b>				
<b>As at 31 March 2020</b>				
	<b>Retail business <i>HK\$'000</i></b>	<b>Financial services <i>HK\$'000</i></b>	<b>e-Commerce and e-Payment <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
Segment assets	19,864	148,600	150,662	319,126
Unallocated assets				101,577
Total assets				<u>420,703</u>
Segment liabilities	116,935	939	59,146	177,020
Unallocated liabilities				768,668
Total liabilities				<u>945,688</u>

### 3 OTHER GAINS OR LOSSES

	Unaudited 2020 HK\$'000	Unaudited 2019 HK\$'000
Reversal of inventory written off	–	1,176
Provision for doubtful debt	–	(1,413)
Loss on disposal of subsidiaries	–	(1,588)
Gain on disposals of property, plant and equipment	1	377
Net foreign exchange gains/(losses)	1	(7)
	<u>2</u>	<u>(1,455)</u>

### 4 OTHER INCOME

	Unaudited 2020 HK\$'000	Unaudited 2019 HK\$'000
Government subsidies	761	–
Others	74	66
	<u>835</u>	<u>66</u>

### 5 LOSS BEFORE INCOME TAX

	Unaudited 2020 HK\$'000	Unaudited 2019 HK\$'000
Loss before income tax is arrived at after charging:		
Purchase of and changes in inventories	4,447	2,852
Operating lease rental in respect of leasehold land and buildings		
– minimum leases payments	–	3,071
– turnover rental expenses	–	6,141
Employee benefit expenses	7,557	14,025
	<u>7,557</u>	<u>14,025</u>

### 6 INCOME TAX CREDIT

	Unaudited 2020 HK\$'000	Unaudited 2019 HK\$'000
Deferred tax credit	(753)	–
	<u>(753)</u>	<u>–</u>

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for both periods.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 7 LOSS PER SHARE

### (a) Basic

Basic loss per share is calculated by dividing the loss attributable to the equity holder of the Company by the number of ordinary shares in issue during the period.

	<b>Unaudited 2020</b>	Unaudited 2019
Loss attributable to equity holders of the Company ( <i>HK\$'000</i> )	<b>(36,091)</b>	(45,555)
Number of ordinary shares in issue ( <i>'000</i> )	<b>716,190</b>	716,190

### (b) Diluted

Diluted loss per share is the same as basic loss per share for the period ended 30 September 2020 and 2019 as there were no other dilutive potential ordinary shares outstanding during both of the periods presented.

## 8 DIVIDEND

The Board has resolved not to declare interim dividend for the period (30 September 2019: Nil).

## 9 TRADE RECEIVABLES

Ageing analysis of third party trade receivables is as follows:

	<b>Unaudited 30 September 2020 <i>HK\$'000</i></b>	Audited 31 March 2020 <i>HK\$'000</i>
0–30 days	–	18
31–60 days	–	–
61–90 days	–	1,550
Over 90 days	<b>11,145</b>	9,153
	<b>11,145</b>	10,721
<i>Less: provision for impairment of trade receivables</i>	<b>(9,534)</b>	(9,153)
	<b>1,611</b>	1,568

## 10 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	<b>Unaudited</b> <b>30 September</b> <b>2020</b> <i>HK\$'000</i>	<b>Audited</b> <b>31 March</b> <b>2020</b> <i>HK\$'000</i>
0–30 days	–	–
31–60 days	–	–
61–90 days	–	–
Over 90 days	<u>54,690</u>	<u>52,999</u>
	<u><b>54,690</b></u>	<u><b>52,999</b></u>

The amounts are payable according to normal trade terms from 30 to 90 days.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS OVERVIEW**

For the six months ended 30 September 2020, the Group recorded a decrease of 54.6% in its consolidated revenue to approximately HK\$14 million (30 September 2019: HK\$32 million). Loss attributable to the equity holders was approximately HK\$36 million for the six months ended 30 September 2020 (30 September 2019: HK\$46 million). Loss per share amounted to approximately 5.04 HK cents per share.

#### **Retailing Business**

As a continuing result of the fallout from the Sino-US trade war, social issues and the spread of COVID-19 virus, the retail sector in both Hong Kong and China has proven to be very challenging. As all footwear retail stores in Hong Kong and the PRC had been closed in early 2020, the Group has taken the approach to concentrate its resources to develop its e-commerce business and shifted the sale of footwear products to online sale. The operations of convenience stores in PRC continue to provide a wide range of everyday consumer products, and also offer a range of other services, such as: 5G Smart Services, breakfast and supper sets, courier services, simple home repairing services, etc.

For the six months ended 30 September 2020, the revenue generated from the retailing business was approximately HK\$5 million (30 September 2019: HK\$13 million).

#### **Financial Services Business**

The Group is engaged in the financial services to institutional and retail clients in Hong Kong and PRC. The Group possesses licenses for a various range of financial services in Hong Kong including money lending and other financial services. The Group will continue to invest further resources to enhance its overall customer service in expanding its customer base in the future. For the six months ended 30 September 2020, the revenue generated from financial services business was approximately HK\$7 million (30 September 2019: HK\$6 million), representing 46.3% of the Group's consolidated revenue.

#### **e-Commerce and e-Payment Business**

The Group is designated by UnionPay International Co., Ltd as its oversea UnionPay card acquiring institution and has granted the authorization to conduct offline acquiring business in Hong Kong, Italy, France, Korea and Japan, as well as the global online acquiring business. At present, the Group actively seeks the suitable merchant to install the point-of-sale terminals to develop the offline acquiring business.

## FINANCIAL REVIEW

### Financial Position

The group financed its operations with internal funds, issuing the bonds and the standby revolving loan facilities by the independent third party. The Group adopted a prudent approach in managing its financial needs.

As at 30 September 2020, the Group had cash and cash equivalents amounting to approximately HK\$11 million (31 March 2020: HK\$5 million). The Group has no outstanding bank borrowings (31 March 2020: Nil). Current convertible bonds were approximately HK\$191 million. As at 30 September 2020, the current ratio stood at 0.3 times (31 March 2020: 0.3 times) and the gearing ratio stood at 138.0% (31 March 2020: 142.4%).

As at 30 September 2020, the Group had no banking facilities (31 March 2020: Nil) and no charge on its assets. The Group also had no bank loans and bank guarantees as at 30 September 2020 (31 March 2020: Nil).

### Capital Expenditure

During the Period under review, the Group's capital expenditure amounted to HK\$37,000 (30 September 2019: HK\$613,000), comprising principally the purchase of leasehold improvements, computer equipment and computer software.

### Foreign Exchange Management

The Group operates principally in the PRC and Hong Kong and its transactions are mainly denominated in Renminbi or Hong Kong dollars. The Group does not expect any significant foreign currency risk, and did not enter into any forward contract to hedge its foreign exchange risk during the Period under review.

### Convertible Bonds

- (a) The Company issued the convertible bonds to subscriber in principal amount of HK\$30,000,000 on 5 July 2016 ("**First Bonds**"). The First Bonds may be converted into 16,574,585 new Shares at a conversion price of HK\$1.81 per share and the bonds bear coupon interest at the rate of 6% per annum and due 2020. The net proceeds from the First Bonds had been fully utilized. Pursuant to the terms of the First Bonds contain specific performance obligations imposed on Mr. ZHU Xiaojun ("**Mr. Zhu**"), an executive Director, the chairman of the Board and a controlling shareholder of the Company. Mr. Zhu is required (i) in his personal capacity or through any entity or company controlled by him, to hold at least 50% of the issued share capital of the Company; and (ii) to remain as an executive Director. Any non-compliance with the aforesaid specific performance obligation will constitute an event of default and upon the bondholder giving a notice to the Company, the bonds will immediately become due and payable in accordance with the terms and conditions of the First Bonds.

References are made to the announcement (“**Announcement**”) of Vestate Group Holdings Limited (the “**Company**”) dated 15 September 2020 in relation to the winding up petition (the “**Petition**”). Unless otherwise defined, capitalized terms used in this interim report shall have the same meanings as those defined in the Announcement.

On 11 September 2020, the Company received the Petition filed with the High Court of The Hong Kong Special Administrative Region (the “**Court**”) by Mr. Lo Wing Hong Patrick (the “**Petitioner**”) in the matter of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32, Laws of Hong Kong) applying for winding up of the Company. The winding up petition will be heard before the Court on Wednesday, 9 December 2020.

The Petition was filed against the Company on 11 September 2020 for failure to settle the outstanding principal of the bond and accrued interest, of which the amount is HK\$36,256,400 as at 6 August 2020.

The Company is seeking legal advice on the matter and considering all available options as to the legal rights of the Company, including but not limited to the application to the High Court for a validation order. The main reason why the Company has not settled the outstanding amount was that the Company noted that some of the claims may not be totally accurate and requires more time to verify the same. In the meantime, the Company is in the process of negotiating with the Petitioner on the final settlement amount and the Company will issue the cheque accordingly once a mutual agreement is reached. The major creditors are also currently providing letter of support for the Company to conduct a debt restructure. The Company expects to receive the formal letters soon, and will issue announcements accordingly.

The Company will keep its shareholders and investors informed of any significant development of the Petition and will make further announcement(s) as and when appropriate in accordance with the Listing Rules.

- (b) The Company also issued the convertible bonds to subscriber in principal amount of HK\$150,000,000 on 24 August 2016 (“**Second Bonds**”). The Second Bonds may be converted into 81,300,813 new Shares at a conversion price of HK\$1.845 per share and the bonds bear coupon interest at the rate of 10.5% per annum and due 2019. As at 30 September 2020, the net proceeds of the Second Bonds had been fully utilized. During the period, no Share was issued by the Company upon the subscriber exercise of their conversion rights of the bonds. The Company is currently in negotiation with the subscriber regarding a new repayment schedule.

## **Corporate Bond**

On 8 May 2017, the Company issued the bonds to the investor in principal amount of HK\$350,000,000 at interest rate of 12% per annum for the first year and 13% per annum for the second year and due 2019 (“**Bonds**”). Pursuant to the terms of the Bonds, a specific performance obligation is imposed on Mr. Zhu, that during the term of the Bonds, Mr. Zhu,

together with parties acting in concert with him, should own directly or indirectly more than 50% of the voting shares of the Company. Any breach of the aforesaid specific performance obligation may constitute a breach under the subscription agreement, pursuant to which the investor is entitled to redeem the Bonds immediately in accordance with the terms and conditions of the Bonds. The Company is currently in negotiation with the subscriber regarding a new repayment schedule.

### **Pledge of Assets**

As at 30 September 2020, the Group had no pledge of assets (31 March 2020: Nil).

### **Contingent Liabilities**

As at 30 September 2020, the Group had no material contingent liabilities or off-balance sheet obligations (31 March 2020: Nil).

### **Major and Connected Transaction**

On 17 June 2017, the Company entered into the preliminary agreement with the vendor, a company incorporated in Italy (“**Vendor**”), in relation to the Company will acquire the properties located at Milan, Italy from the Vendor (“**Properties**”) for a purchase price of Euro 34,000,000 (equivalent to approximately HK\$297,160,000) (“**Acquisition**”).

On 27 June 2019, the Vendor and the Company entered into a refund agreement, agreeing on a total amount of Euro 11,220,000 (including Euro 1,020,000 VAT) to be paid by the vendor to the Company. The vendor has refunded a total amount of Euro 2,267,000 to the Company, with an outstanding amount of Euro 8,953,000 (including Euro 1,020,000 VAT) as at 30 September 2020. As such, both parties mutually agreed to settle the refund on or before 31 March 2021, or such later date both parties may agree in writing.

The Vendor is beneficially owned as to 70% by Ms. CAI Jiaying, an executive Director, and hence the Vendor is a connected person of the Company. The Acquisition constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules. Details of the Acquisition are set out in the announcement of the Company dated 17 June 2017 and the circular dated 31 October 2017.

### **Disposals of Subsidiary Company**

(a) References are made to the announcements of Vestate Group Holdings Limited (the “**Company**”) dated 6 July 2018, 2 January 2019, 2 July 2019, 1 November 2019, 2 March 2020, and 13 March 2020 and the circular of the Company dated 17 August 2018 (the “**Publications**”) in relation to, among other things, the Disposal. Unless otherwise defined, capitalized terms used in this annual report shall have the same meanings as those defined in the Publications.



On 2 July 2018, Genius Earn Investments Limited, a wholly owned subsidiary of the Group (“**Vendor**”), entered into the disposal agreement with the purchaser in relation to the disposal of 49% of the issued share capital of Ascent Pride Investment Limited (“**Target Company**”), a wholly owned subsidiary of the Group (“**Disposal Agreement**”), at the consideration of HK\$50,000,000 (“**Disposal**”).

As the Disposal Agreement had been ongoing for around two years with outstanding condition yet to be fulfilled, the agreement unfortunately could not be completed. Therefore, the Disposal Agreement is considered to have lapsed on 30 June 2020.

## **Group Structure**

During the Period, there was no material change in the corporate structure of the Group.

## **Human Resources**

As at 30 September 2020, the Group had a total of 52 employees (31 March 2020: 59 employees) and the total staff cost for the Period was approximately HK\$8 million (30 September 2019: HK\$14 million), representing 52.5% of the Group’s total revenue. The Group offers competitive remuneration packages to its employees, including mandatory retirement funds, medical coverage and purchase discounts. In addition, incentive share options and performance-based discretionary bonus on an annual basis may be granted to employees subject to the Group’s and individual performance. The Group also provides training to its staff.

## **INTERIM DIVIDEND**

The Board resolved not to declare an interim dividend for the six months ended 30 September 2020 (30 September 2019: Nil).

## **CORPORATE GOVERNANCE**

The Company has complied with all the code provisions as set out in the “Corporate Governance Code and Corporate Governance Report” (“**CG Code**”) contained in the Appendix 14 to Rules Governing the Listing of Securities (“**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) throughout the six months ended 30 September 2020.

## **COMPLIANCE WITH MODEL CODE**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (“**Model Code**”) as its code of conduct of Directors’ securities transactions. Having made specific enquiries with all Directors, they confirmed that they complied with the Model Code throughout the six months ended 30 September 2020.

## **REVIEW OF INTERIM FINANCIAL INFORMATION BY AUDIT COMMITTEE**

The Audit Committee has reviewed the unaudited financial results of the Group for the six months ended 30 September 2020. The audit committee is of the view that such results are in compliance with the applicable accounting standards, the Main Board Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

By Order of the Board  
**Vestate Group Holdings Limited**  
**ZHU Xiaojun**  
*Chairman*

Hong Kong, 30 November 2020

As at the date of this announcement, the Board comprises:

*Executive Directors:*

Mr. ZHU Xiaojun  
Mr. KANG Jianming  
Ms. CAI Jiaying  
Mr. YIN Wansun

*Independent Non-executive Directors:*

Mr. YU Lei  
Mr. CHAU Wai Hing  
Mr. CHAI Guoqiang