G-VISION INTERNATIONAL (HOLDINGS) LIMITED

環科國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 657)

2008/09 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors of G-Vision International (Holdings) Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2008. The interim results have been reviewed by Deloitte Touche Tohmatsu and the Company's Audit Committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2008

	Notes	**1.4.2008 to 30.9.2008** *HK$'000* **(unaudited)**	1.4.2007 to 30.9.2007 *HK$'000* (unaudited)
Turnover	3	**47,063**	47,926
Other income		**592**	416
Cost of inventories consumed		**(18,708)**	(19,051)
Staff costs		**(15,546)**	(15,217)
Operating lease rentals		**(7,760)**	(7,356)
Decrease in fair value of investment properties		**(4,850)**	–
Depreciation		**(88)**	(625)
Other operating expenses		**(9,451)**	(7,636)
Finance costs		**(212)**	(447)
Loss for the period	4	**(8,960)**	(1,990)
Attributable to:			
Equity holders of the Company		**(7,608)**	(1,985)
Minority interests		**(1,352)**	(5)
		(8,960)	(1,990)
Loss per share			
Basic	6	**(HK1.57 cent)**	(HK0.41 cent)

* *For identification purpose only*

CONDENSED CONSOLIDATED BALANCE SHEET
At 30 September 2008

	Notes	**30.9.2008** **HK$'000** **(unaudited)**	31.3.2008 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**1,255**	1,343
Investment properties		**54,940**	59,790
		56,195	61,133
Current assets			
Inventories		**2,920**	4,061
Trade and other receivables	7	**6,618**	6,581
Taxation recoverable		**67**	67
Pledged bank deposits		**990**	979
Bank balances and cash		**15,993**	17,057
		26,528	28,745
Current liabilities			
Trade and other payables	8	**10,360**	9,697
Amounts due to directors		**14,025**	12,750
Amounts due to minority shareholders		**295**	290
		24,680	22,737
Net current assets		**1,848**	6,008
Total assets less current liabilities		**58,043**	67,141
Non-current liabilities			
Loans from a related company		**21,771**	21,559
		36,272	45,582
Capital and reserves			
Share capital		**48,485**	48,485
Reserves		**27,987**	(20,029)
Equity attributable to equity holders of the Company		**20,498**	28,456
Minority interests		**15,774**	17,126
Total equity		**36,272**	45,582

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2008

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies adopted in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual audited financial statements for the year ended 31 March 2008.

In the current interim period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standard ("HKFRSs"), amendment of Hong Kong Accounting Standard ("HKAS") and Interpretations ("INTs") (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2008. The adoption of the new HKFRSs had no material effect on the results and financial position for the current and prior accounting periods. Accordingly, no prior period adjustment is required.

The Group has not early adopted the following new standards, amendments and interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of financial statements[1]
HKAS 23 (Revised)	Borrowing costs[1]
HKAS 27 (Revised)	Consolidated and separate financial statements[2]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation[1]
HKFRS 2 (Amendment)	Vesting conditions and cancellations[1]
HKFRS 3 (Revised)	Business combinations[2]
HKFRS 8	Operating segments[1]
HK(IFRIC) – INT 13	Customer loyalty programmes[3]
HK(IFRIC) – INT 15	Agreements for the construction of real estate[1]
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation[4]

[1] Effective for annual periods beginning on or after 1 January 2009.
[2] Effective for annual periods beginning on or after 1 July 2009.
[3] Effective for annual periods beginning on or after 1 July 2008.
[4] Effective for annual periods beginning on or after 1 October 2008.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The adoption of HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

Business segments

For management purposes, the Group is currently organised into three main operating divisions – restaurant operations, environmental friendly paper tableware and property investment. These divisions are the basis on which the Group reports its primary segment information.

	Restaurant operations *HK$'000*	Environmental friendly paper tableware *HK$'000*	Property investment *HK$'000*	Total *HK$'000*
Six months ended 30 September 2008				
TURNOVER				
External	**44,335**	**2,728**	**–**	**47,063**
SEGMENT RESULT	**(2,702)**	**(1,239)**	**(4,867)**	**(8,808)**
Unallocated corporate expenses				**(40)**
Interest income				**100**
Finance costs				**(212)**
Loss for the period				**(8,960)**

	Restaurant operations HK$'000	Environmental friendly paper tableware HK$'000	Property investment HK$'000	Total HK$'000
Six months ended 30 September 2007				
TURNOVER				
External	44,479	3,447	–	47,926
SEGMENT RESULT	(1,467)	(202)	(19)	(1,688)
Unallocated corporate expenses				(35)
Interest income				180
Finance costs				(447)
Loss for the period				(1,990)

4. LOSS FOR THE PERIOD

	1.4.2008 to 30.9.2008 ***HK$'000***	1.4.2007 to 30.9.2007 *HK$'000*
Loss for the period has been arrived at after charging (crediting):		
Depreciation	**88**	625
Interest income	**(100)**	(180)

5. TAXATION

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as either the Company and its subsidiaries did not have assessable profit for the period or the assessable profit has been wholly absorbed by tax losses brought forward.

6. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company for the period of HK$7,608,000 (six months ended 30 September 2007: HK$1,985,000) and on the 484,853,527 shares (six months ended 30 September 2007: 484,853,527 shares) in issue during the period.

No diluted loss per share is presented for both periods because the assumed exercise of the Company's share options would result in a decrease in loss per share.

7. TRADE AND OTHER RECEIVABLES

Most of the restaurant customers settle in cash and credit cards. The Group allows an average credit period of 60 days to other trade customers.

The following is an aged analysis of trade receivables at the reporting date:

	30.9.2008	31.3.2008
	HK$'000	*HK$'000*
0 – 60 days	**973**	1,573
61 – 90 days	**13**	20
More than 90 days	**26**	26
	1,012	1,619

8. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables at the reporting date:

	30.9.2008	31.3.2008
	HK$'000	*HK$'000*
0 – 60 days	**3,234**	2,697
More than 60 days	**1,140**	1,085
	4,374	3,782

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the six months ended 30 September 2008, the Group recorded a consolidated turnover of HK$47 million, representing a decrease of HK$0.9 million or 1.8% compared to the last corresponding period. The decrease was mainly attributable to decreased sales for the Group's environmental friendly paper tableware business.

The net loss for the period under review was HK$9 million compared to the net loss of HK$2 million for the last corresponding period. The deterioration in the overall results was mainly due to HK$4.9 million impairment loss on the fair value of the Group's investment properties and HK$1.3 million impairment costs recorded for the write-off of obsolete stocks for the environmental friendly paper tableware business.

Review of Operations

The Group's restaurant operation in Hong Kong continues to provide a stable source of revenue and remains the largest contributor to turnover, generating 94.2% of the Group's turnover for the period under review. The segment turnover was HK$44.3 million, declined slightly from last year's turnover of HK$44.5 million. Profit margin maintained at last year's level but segment loss escalated by HK$1.2 million to HK$2.7 million as a result of HK$0.4 million increase in rental costs, HK$0.4 million increase in staff costs and higher administrative expenses.

The Group's environmental friendly paper tableware segment recorded a turnover of HK$2.7 million, a decrease compared to the last corresponding period's turnover of HK$3.4 million. In view of the persistent unsatisfactory performance of this segment, the management will consider to scale down its operation in the PRC to further lower its plant operating costs. Obsolete stocks were written off or fully provided for which resulted in impairment costs of HK$1.3 million being recorded.

Liquidity and Financial Resources

The Group's cash and bank balances (including pledged bank deposits) amounted to HK$16.9 million as at 30 September 2008. As the Group had no bank borrowings, the Group's gearing ratio was zero as at 30 September 2008 and 31 March 2008.

The Group has obtained loan facilities from a related company, Hover City Industrial Limited, which bear interest at 3% below the best lending rate quoted by a bank in Hong Kong. As at 30 September 2008, the sum drawn down by the Group was HK$18.8 million (31 March 2008: HK$18.8 million), with accrued interests of HK$3.0 million (31 March 2008: HK$2.8 million). The loans are repayable in one lump sum (including accrued interests) by 31 December 2010.

With the cash generated from the Group's operation in its ordinary course of business and the existing unutilised loan facilities, the directors consider that the Group has sufficient working capital for its operation.

Foreign Exchange Exposure

As most of our sales, purchases, cash and bank balances were denominated in Hong Kong dollars during the period, the Group was not exposed to material foreign exchange risks.

Employees and Remuneration Policies

At 30 September 2008, the Group had around 200 staff. Review of the employees' remuneration packages is normally conducted annually and as required from time to time. The salary and benefit levels of the Group's employees are competitive and individual performance is rewarded through the Group's bonus scheme. Other benefits including medical coverage and Mandatory Provident Fund Scheme are also provided to employees.

INTERIM DIVIDEND

The Board of Directors has resolved not to declare any interim dividend for the six months ended 30 September 2008 (for the six months ended 30 September 2007: Nil).

PROSPECTS

The deepening of the global financial crisis and the current unfavourable economic environment are expected to lower corporate and consumer expenditures and will have an adverse impact on the food and beverage industry. Amid the challenging operating environment, the Group will adopt a cautious approach in committing further capital expenditure and will implement appropriate costs control programs where necessary. For the environmental friendly paper tableware business, the Group will further scale down its operation in the PRC to reduce its plant's fixed costs in consideration of the operation's continuing unfavourable performance. The Group reviews and revises its business strategies on a regular basis with the aim to better position itself to meet the challenges ahead and to capture any new opportunities as they arise.

PURCHASE, SALE OR REDEMPTION OF SHARES

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the period under review.

CODE ON CORPORATE GOVERNANCE PRACTICE

The Company has applied the principles and complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 (the "Code") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months period ended 30 September 2008 except for Code provision A.2.1 in respect of the role separation of the chairman and the chief executive officer and Code provision A.4.1 in respect of the service term of non-executive directors.

Code provision A.2.1 sets out that the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. Currently, Mr. Cheng Hop Fai assumes the role of both the Chairman and the Managing Director of the Company. The Board considers that such arrangement will not result in undue concentration of power and is, at this stage, conducive to the efficient formulation and implementation of the Group's strategies thus allowing the Group to develop its business more effectively.

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The independent non-executive directors ("INEDs") of the Company are not appointed for a specific term. This constitutes a deviation from Code provision A.4.1. However, as all the INEDs of the Company are subject to retirement by rotation at the annual general meetings of the Company in accordance with the Company's Bye-laws, in the opinion of the directors, this meets the objective of the Code.

AUDIT COMMITTEE

The members of the Audit Committee are Ms. Kan Lai Kuen, Alice (Chairman), Mr. Law Toe Ming and Mr. Mark Yiu Tong, William, the INEDs of the Company. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed with the Board of Directors the internal control and financial reporting matters including the unaudited interim financial statements for the six months ended 30 September 2008.

REMUNERATION COMMITTEE

Pursuant to Code provision B.1.1, the Company has established a Remuneration Committee comprising the three INEDs, namely Mr. Law Toe Ming (Chairman), Ms. Kan Lai Kuen, Alice and Mr. Mark Yiu Tong, William. The terms of reference of the Remuneration Committee are consistent with the Code provisions. The principal function of the Remuneration Committee is to make recommendation to the Board on the Group's policy and structure for the remuneration of directors and senior management.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors. Following specific enquiry by the Company, all the directors have confirmed that they have complied with the required standards as set out in the Model Code during the six months period ended 30 September 2008.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement is published on the websites of the Company (www.g-vision.com.hk) and the Stock Exchange (www.hkex.com.hk). The Company's Interim Report 2008/2009 will be dispatched to the shareholders and posted on the said websites in due course.

By Order of the Board
Cheng Hop Fai
Chairman

Hong Kong, 16 December 2008

As at the date of this announcement, the Board comprises Mr. Cheng Hop Fai (Chairman), Mrs. Cheng Kwok Kwan Yuk, Ms. Cheng Pak Ming, Judy, Miss Cheng Pak Man, Anita and Mr. Zhang Yunkun as executive directors, and Ms. Kan Lai Kuen, Alice, Mr. Law Toe Ming and Mr. Mark Yiu Tong, William as independent non-executive directors.