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# G-VISION INTERNATIONAL (HOLDINGS) LIMITED
# 環科國際集團有限公司*

*(Incorporated in Bermuda with limited liability)*
(Stock code: 657)

## 2011/12 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 2011. The interim results have been reviewed by Deloitte Touche Tohmatsu and the Company's Audit Committee.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
*For the six months ended 30 September 2011*

| | *Notes* | **1.4.2011 to 30.9.2011** ***HK$'000*** **(unaudited)** | 1.4.2010 to 30.9.2010 *HK$'000* (unaudited) |
|---|---|---|---|
| Turnover | 3 | **41,627** | 33,683 |
| Other income | | **1,213** | 2,103 |
| Change in fair value of investment properties | | **1,707** | 300 |
| Cost of inventories consumed | | **(15,425)** | (12,473) |
| Staff costs | | **(15,437)** | (16,591) |
| Operating lease rentals | | **(6,621)** | (6,293) |
| Depreciation | | **(1,331)** | (605) |
| Other operating expenses | | **(8,943)** | (7,926) |
| Loss for the period | 4 | **(3,210)** | (7,802) |
| Other comprehensive (expense) income | | | |
| Change in fair value of available-for-sale investments | | **(2,664)** | 86 |
| Exchange differences arising from translation of foreign operations | | **(333)** | 40 |
| | | **(2,997)** | 126 |
| Total comprehensive expense for the period | | **(6,207)** | (7,676) |

* *For identification purpose only*

| | Note | **1.4.2011 to 30.9.2011** *HK$'000* **(unaudited)** | 1.4.2010 to 30.9.2010 *HK$'000* (unaudited) |
|---|---|---|---|
| (Loss) profit for the period attributable to: | | | |
| Owners of the Company | | **(3,802)** | (7,904) |
| Non-controlling interests | | **592** | 102 |
| | | **(3,210)** | (7,802) |
| Total comprehensive (expense) income attributable to: | | | |
| Owners of the Company | | **(6,799)** | (7,778) |
| Non-controlling interests | | **592** | 102 |
| | | **(6,207)** | (7,676) |
| Loss per share | | | |
| Basic | 6 | **(HK0.20 cent)** | (HK0.41 cent) |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 30 September 2011*

| | Notes | 30.9.2011 HK$'000 (unaudited) | 31.3.2011 HK$'000 (audited) |
|---|---|---|---|
| Non-current assets | | | |
| Property, plant and equipment | | **10,036** | 11,356 |
| Investment properties | | **–** | 50,000 |
| Available-for-sale investments | | **6,912** | 9,576 |
| Property rental deposits | | **4,122** | 2,473 |
| | | **21,070** | 73,405 |
| Current assets | | | |
| Inventories | | **2,822** | 1,677 |
| Trade and other receivables | 7 | **1,874** | 2,337 |
| Pledged bank deposits | | **1,004** | 1,003 |
| Bank balances and cash | | **86,957** | 87,412 |
| | | **92,657** | 92,429 |
| Assets classified as held for sale | 8 | **51,707** | – |
| | | **144,364** | 92,429 |
| Current liabilities | | | |
| Trade and other payables | 9 | **12,150** | 7,404 |
| Amounts due to non-controlling shareholders of subsidiaries | | **322** | 316 |
| | | **12,472** | 7,720 |
| Net current assets | | **131,892** | 84,709 |
| Net assets | | **152,962** | 158,114 |
| Capital and reserves | | | |
| Share capital | | **193,941** | 193,941 |
| Reserves | | **(58,714)** | (52,970) |
| Equity attributable to owners of the Company | | **135,227** | 140,971 |
| Non-controlling interests | | **17,735** | 17,143 |
| Total equity | | **152,962** | 158,114 |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2011*

## 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 (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 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 certain financial instruments and investment properties, which are measured at fair values.

The accounting policies and method of computation used in the condensed consolidated financial statements for the six months ended 30 September 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2011. In addition, the Group has applied the following accounting policy for non-current assets held for sale during the current interim period:

**Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

In the current interim period, the Group has applied, for the first time, a number of new or revised standards and interpretations ("new or revised HKFRSs") issued by the HKICPA.

The application of the new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

| | |
|---|---|
| HKFRS 7 (Amendments) | Disclosures – Transfers of financial assets [1] |
| HKFRS 9 | Financial instruments [2] |
| HKFRS 10 | Consolidated financial statements [2] |
| HKFRS 11 | Joint arrangements [2] |
| HKFRS 12 | Disclosures of interests in other entities [2] |
| HKFRS 13 | Fair value measurement [2] |
| HKAS 1 (Amendments) | Presentation of items of other comprehensive income [4] |
| HKAS 12 (Amendments) | Deferred tax: Recovery of underlying assets [3] |
| HKAS 19 (Revised 2011) | Employee benefits [2] |
| HKAS 27 (Revised 2011) | Separate financial statements [2] |
| HKAS 28 (Revised 2011) | Investments in associates and joint ventures [2] |
| HK(IFRIC) – INT 20 | Stripping costs in the production phase of a surface mine [2] |

[1] Effective for annual periods beginning on or after 1 July 2011

[2] Effective for annual periods beginning on or after 1 January 2013

[3] Effective for annual periods beginning on or after 1 January 2012

[4] Effective for annual periods beginning on or after 1 July 2012

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 April 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

Other than disclosed above, the directors of the Company anticipate that the application of other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

## 3. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and result by operating segment for the period under review:

| | Restaurant operations *HK$'000* | Property investment *HK$'000* | Other *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|
| **Six months ended 30 September 2011** | | | | |
| **TURNOVER** | | | | |
| **External** | **41,588** | **–** | **39** | **41,627** |
| **SEGMENT RESULT** | **(3,992)** | **1,689** | **624** | **(1,679)** |
| **Unallocated corporate expenses** | | | | **(1,905)** |
| **Interest income** | | | | **374** |
| **Loss for the period** | | | | **(3,210)** |

| | Restaurant operations *HK$'000* | Property investment *HK$'000* | Other *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|
| **Six months ended 30 September 2010** | | | | |
| TURNOVER | | | | |
| External | 33,607 | – | 76 | 33,683 |
| SEGMENT RESULT | (5,220) | 291 | (51) | (4,980) |
| Unallocated corporate expenses | | | | (3,126) |
| Interest income | | | | 304 |
| Loss for the period | | | | (7,802) |

Segment result represents the profit (loss) earned by each segment without allocation of corporate expenses, share-based payments and interest income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

## 4. LOSS FOR THE PERIOD

| | **1.4.2011 to 30.9.2011** | 1.4.2010 to 30.9.2010 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loss for the period has been arrived at after (crediting) charging: | | |
| Depreciation | **1,331** | 605 |
| Interest income | **(374)** | (304) |

## 5. TAXATION

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Company and its subsidiaries did not have assessable profit for the period.

## 6. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company for the period of HK$3,802,000 (six months ended 30 September 2010: HK$7,904,000) and on 1,939,414,108 shares (six months ended 30 September 2010: 1,939,414,108 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 end of the reporting period:

| | **30.9.2011** | 31.3.2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0 – 60 days | **937** | 690 |
| More than 60 days | **7** | 2 |
| | **944** | 692 |

## 8. ASSETS CLASSIFIED AS HELD FOR SALE

On 8 August 2011, the Group entered into an agreement with an independent third party for the disposal of investment properties at a consideration of RMB49,000,000 (equivalent to approximately HK$59,520,000). Details of the transaction was disclosed in the circular dated 15 September 2011. The transaction was completed in November 2011. At the date of this report, the Company is assessing the relevant financial effect and expects to complete it for year-end reporting.

The investment properties with the fair value at approximately HK$51,707,000 were classified as assets held for sale during the six months ended 30 September 2011.

## 9. TRADE AND OTHER PAYABLES

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

| | **30.9.2011** | 31.3.2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0 – 60 days | **3,515** | 2,283 |
| More than 60 days | **137** | 53 |
| | **3,652** | 2,336 |

As at 30 September 2011, an amount of approximately HK$4,374,000, representing deposits received for the disposal of investment properties, is included in other payables.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Results

For the six months ended 30 September 2011, the Group recorded a consolidated turnover of approximately HK$41.6 million, an increase of approximately HK$7.9 million or 24% compared to the last corresponding period.

The net loss for the period under review was approximately HK$3.2 million, representing an improvement of HK$4.6 million as compared to the net loss of approximately HK$7.8 million in the last corresponding period. The share options granted on 19 May 2010 resulted in approximately HK$1.1 million share-based payment expenses being recognised in the current period compared to HK$3.0 million being recognised in the last corresponding period.

**Review of Operations**

Turnover from the restaurant operation in Hong Kong was the major contributor to the Group's turnover and amounted to approximately HK$41.6 million for the period under review. The improvement in turnover by 24% was mainly attributable to increased business as a result of the renovation works carried out in the two restaurant outlets in the first half of last year as well as more business generated by tourists from Mainland China. The operating loss for this segment decreased to approximately HK$4.0 million from HK$5.2 million in the last corresponding period.

On 8 August 2011, the Group entered into a sales agreement to dispose its investment properties located in Shenzhen, China for a consideration of RMB49.0 million (equivalent to approximately HK$59.5 million). In August, an initial deposit of RMB10.0 million (equivalent to approximately HK$12.1 million) was received and it was partially offset by approximately RMB6.4 million (equivalent to approximately HK$7.7 million) management fees paid to the management office of the investment properties. An upward revaluation of approximately HK$1.7 million in the fair value of such investment properties was recorded for the period under review with reference to the latest appraised value of approximately HK$51.7 million. For disclosure purposes, the investment properties were also reclassified as assets held for sale. The sale transaction was completed on 16 November 2011.

**Liquidity and Financial Resources**

The Group's cash and bank balances (including pledged bank deposits) amounted to approximately HK$88.0 million as at 30 September 2011. The Group had no bank borrowings and its gearing ratio was zero as at 30 September 2011 and 31 March 2011 respectively. With the cash generated from the Group's operation in its ordinary course of business and the existing unutilised banking facilities, the Group has sufficient financial resources in meeting its operation needs.

**Foreign Exchange Exposure**

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

**Employees and Remuneration Policies**

The Group had approximately 168 employees as at 30 September 2011. 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 2011 (for the six months ended 30 September 2010: Nil).

## PROSPECTS

The performance of the restaurant business is expected to improve in the second half of the financial year owing to the upcoming festive season which is traditionally the high season for the food and beverage industry. However, the operating environment for the restaurant business remains challenging due to increasing food, rental and staff costs. 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 Listing Rules throughout the six months ended 30 September 2011 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 Mr. Leung Tai Chiu (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 2011.

## 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), Mr. Leung Tai Chiu 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 of Directors on the Group's policy and structure for the remuneration of directors and senior management.

## SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by 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 ended 30 September 2011.

## 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 2011/2012 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, 21 November 2011

*As at the date of this announcement, the Board comprises Mr. Cheng Hop Fai (Chairman and Managing Director), Mr. Zhang Yunkun, Ms. Cheng Pak Ming, Judy, Ms. Cheng Pak Man, Anita and Ms. Cheng Pak Lai, Lily as executive directors; Mr. Dong Demao and Mr. Meng Lingku as non-executive directors; and Mr. Leung Tai Chiu, Mr. Law Toe Ming and Mr. Mark Yiu Tong, William as independent non-executive directors.*