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

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

## ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2014

The board of directors of G-Vision International (Holdings) Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2014 together with comparative figures for the corresponding previous year, as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
*FOR THE YEAR ENDED 31 MARCH 2014*

| | *NOTES* | **2014** *HK$'000* | 2013 *HK$'000* |
|---|---|---|---|
| Turnover | 3 | **87,628** | 86,791 |
| Other income and other gains | | **4,007** | 4,467 |
| Cost of inventories consumed | | **(31,698)** | (31,227) |
| Staff costs | | **(31,862)** | (31,086) |
| Operating lease rentals | | **(15,461)** | (14,019) |
| Depreciation | | **(1,493)** | (2,663) |
| Impairment loss on property, plant and equipment | | **–** | (2,441) |
| Other operating expenses | | **(18,808)** | (18,256) |
| Loss for the year attributable to owners of the Company | 4 | **(7,687)** | (8,434) |

* *for identification purpose only*

| | NOTE | **2014** HK$'000 | 2013 HK$'000 |
|---|---|---|---|
| **Other comprehensive income (expense)** | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| Change in fair value of available-for-sale investments | | **73** | 957 |
| Reclassification to profit or loss upon disposal of available-for-sale investments | | **(304)** | (45) |
| Other comprehensive (expense) income for the year | | **(231)** | 912 |
| Total comprehensive expense for the year attributable to owners of the Company | | **(7,918)** | (7,522) |
| Loss per share (basic) | 6 | **(HK0.40 cent)** | (HK0.43 cent) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
*AS AT 31 MARCH 2014*

| | NOTES | **2014** **HK$'000** | 2013 HK$'000 |
|---|---|---|---|
| Non-current assets | | | |
| Property, plant and equipment | | **2,122** | 3,608 |
| Available-for-sale investments | | **4,173** | 5,342 |
| Property rental deposits | | **3,110** | 4,607 |
| | | **9,405** | 13,557 |
| Current assets | | | |
| Inventories | | **1,572** | 1,974 |
| Trade and other receivables | 7 | **34,841** | 34,491 |
| Available-for-sale investments | | **5,336** | 2,573 |
| Investments in certificates of deposit | | **18,125** | – |
| Pledged bank deposits | | **1,008** | 1,006 |
| Short-term bank deposits | | | |
| – with original maturity over three months | | **35,685** | 50,000 |
| – with original maturity within three months | | **8,049** | 8,010 |
| Bank balances and cash | | **13,760** | 24,096 |
| | | **118,376** | 122,150 |
| Current liabilities | | | |
| Trade and other payables | 8 | **6,379** | 6,387 |
| Net current assets | | **111,997** | 115,763 |
| Net assets | | **121,402** | 129,320 |
| Capital and reserves | | | |
| Share capital | | **193,941** | 193,941 |
| Reserves | | **(72,539)** | (64,621) |
| Total equity | | **121,402** | 129,320 |

*NOTES:*

## 1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for available-for-sale investments, which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

## 2. APPLICATION OF NEW AND REVISED HKFRSs

The Group has applied the following new and revised HKFRSs issued by the HKICPA for the first time in the current year:

| | |
|---|---|
| Amendments to HKFRSs | Annual improvements to HKFRSs 2009 – 2011 cycle |
| Amendments to HKFRS 7 | Disclosures – Offsetting financial assets and financial liabilities |
| Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 | Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance |
| HKFRS 10 | Consolidated financial statements |
| HKFRS 11 | Joint arrangements |
| HKFRS 12 | Disclosure of interests in other entities |
| HKFRS 13 | Fair value measurement |
| HKAS 19 (as revised in 2011) | Employee benefits |
| HKAS 27 (as revised in 2011) | Separate financial statements |
| HKAS 28 (as revised in 2011) | Investments in associates and joint ventures |
| Amendments to HKAS 1 | Presentation of items of other comprehensive income |
| HK(IFRIC*) – INT 20 | Stripping costs in the production phase of a surface mine |

* IFRIC represents the International Financial Reporting Interpretations Committee.

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

**HKFRS 13 "Fair value measurement"**

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirement prospectively. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

**Amendments to HKAS 1 "Presentation of items of other comprehensive income"**

The Group has applied the amendments to HKAS 1 "Presentation of items of other comprehensive income". Upon the adoption of the amendments to HKAS 1, the Group's "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

**New and revised HKFRSs issued but not yet effective**

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

| | |
|---|---|
| Amendments to HKFRSs | Annual improvements to HKFRSs 2010 – 2012 cycle[5] |
| Amendments to HKFRSs | Annual improvements to HKFRSs 2011 – 2013 cycle[2] |
| HKFRS 9 | Financial instruments[3] |
| HKFRS 14 | Regulatory deferral accounts[4] |
| Amendments to HKFRS 9 and HKFRS 7 | Mandatory effective date of HKFRS 9 and transition disclosures[3] |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 27 | Investment entities[1] |
| Amendments to HKFRS 11 | Accounting for acquisitions of interests in joint operations[6] |
| Amendments to HKAS 16 and HKAS 38 | Clarification of acceptable methods of depreciation and amortisation[6] |
| Amendments to HKAS 19 | Defined benefit plans: Employee contributions[2] |
| Amendments to HKAS 32 | Offsetting financial assets and financial liabilities[1] |
| Amendments to HKAS 36 | Recoverable amount disclosures for non-financial assets[1] |
| Amendments to HKAS 39 | Novation of derivatives and continuation of hedge accounting[1] |
| HK(IFRIC) – INT 21 | Levies[1] |

[1] Effective for annual periods beginning on or after 1 January 2014.
[2] Effective for annual periods beginning on or after 1 July 2014.
[3] Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
[4] Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.
[5] Effective for annual periods beginning on or after 1 January 2014, with limited exceptions.
[6] Effective for annual periods beginning on or after 1 January 2016.

**HKFRS 9 "Financial instruments"**

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of the subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

The directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported for the Group's financial assets in respect of available-for-sale investments. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

## 3. TURNOVER AND SEGMENT INFORMATION

Turnover represents the net amounts received and receivable for goods sold and services rendered by the Group, net of discounts and sales related taxes during the year.

Financial information provided to the chief operating decision maker, being the executive directors, for performance assessment and resources allocation is based on the overall operating results and financial position of the Group which constitute the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position. Financial information regarding the segment for both years can be made reference to the results as set out in the consolidated statement of profit or loss and other comprehensive income.

### Geographical information

As all external turnover for both years and non-current assets are either derived from or located in Hong Kong, an analysis of the consolidated turnover and non-current assets by geographical location is not presented.

### Information about major customers

There is no customer contributing over 10% of the total revenue of the Group for both years.

## 4. LOSS FOR THE YEAR

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loss for the year has been arrived at after charging: | | |
| Directors' remuneration | **4,802** | 4,846 |
| Other staff costs, including retirement benefits costs | **27,060** | 26,240 |
| Total staff costs | **31,862** | 31,086 |
| Auditor's remuneration | **410** | 410 |
| and after crediting: | | |
| Interest income from: | | |
| – Available-for-sale investments | **483** | 378 |
| – Others | **3,153** | 2,680 |
| Net exchange gain | **30** | 1,024 |

## 5. TAXATION

No provision for taxation has been made in the consolidated financial statements as the Company and its subsidiaries have no assessable profit for both years.

## 6. LOSS PER SHARE

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

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loss for the year | **(7,687)** | (8,434) |

| | **Number of shares** | |
|---|---|---|
| | **2014** | 2013 |
| Number of ordinary shares for the purpose of calculating basic loss per share | **1,939,414,108** | 1,939,414,108 |

No diluted loss per share is presented for both years since the exercise of share options would result in a decrease in loss per share.

## 7. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables of HK$783,000 (2013: HK$955,000). 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 including travel agencies.

The following is an aged analysis of trade receivables, presented based on the invoice date at the end of the reporting period:

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0 – 60 days | **683** | 955 |
| 61 – 90 days | **100** | – |
| | **783** | 955 |

Management has delegated a team responsible for assessing the potential customer's credit quality and defines credit limit by customer. Credit limits attributed to customers are reviewed regularly by management. Management closely monitors the credit quality of trade receivables and considers that trade receivables that are neither past due nor impaired to be of good credit quality as most trade receivables were settled within credit period based on the historical experience. Over 99% (2013: over 99%) of the trade receivables are neither past due nor impaired. Based on the historical experience of the Group, trade receivables that are past due are generally recoverable. Accordingly, no impairment loss was recognised.

Included in trade and other receivables is an amount of RMB25,044,000 (equivalent to approximately HK$31,305,000) (2013: RMB25,741,000; equivalent to approximately HK$32,176,000) resulting from disposal of investment properties located in the People's Republic of China during the year ended 31 March 2012. The amount is placed with a bank by a director of the Company under an arrangement that the director is obliged to follow the instructions of the Company with respect to the disposition of such amount.

## 8. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK$2,492,000 (2013: HK$2,432,000). The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

| | **2014** | 2013 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0 – 60 days | **2,454** | 2,415 |
| More than 60 days | **38** | 17 |
| | **2,492** | 2,432 |

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

For the year ended 31 March 2014, the Group recorded a consolidated turnover of approximately HK$87.6 million, representing an increase of 1.0% from previous year's turnover of approximately HK$86.8 million.

The Group recorded a net loss of approximately HK$7.7 million for the year under review compared to a net loss of approximately HK$8.4 million for the previous year.

### Business Review

For the restaurant operation, the Group was able to achieve a slight increment in sales and to maintain stable gross profit margin amid the very competitive operating environment. Our restaurant branches had to implement price adjustments during the year in response to the continuous rise in operating expenditure particularly in rental and staff costs.

An impairment loss of approximately HK$2.4 million has already been put through in the last corresponding year in view of the difficult market condition and the continued loss situation for our Cheung Sha Wan branch.

For our Tsim Sha Tsui branch, sales in the first half of the year declined by over 5% due to lower sales from its corporate customers as well as less business from the Japanese tours. The continued political tension between China and Japan had continued to affect the number of Japanese tourists visiting Hong Kong. The situation improved and sales picked up in the second half of the year and it only recorded a 1.7% yearly drop in sales. However, the overall loss situation worsened corresponding to lower sales and higher operating costs.

### Outlook

The restaurant business will continue to serve as our core operation. However, the operating environment for the Group's restaurant operations will remain challenging due to intensified competition; lower expenditure from the local corporate customers as well as mounting rental, food and staff costs.

Through the sale and disposal of its investment properties in November 2011, the Group has strengthened its capital base and further enhances its financial position. The Group is in a better position to meet the challenges ahead and to capitalize any future acquisition and strategic investment opportunities as they arise.

### Liquidity and Financial Resources

The Group's cash and bank balances (including pledged bank deposits) amounted to approximately HK$58.5 million as at 31 March 2014. As the Group had no bank borrowings, the Group's gearing ratio was zero as at 31 March 2014 and 31 March 2013.

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

### Foreign Exchange Exposure

Most of the Group's sales, purchases, cash and bank balances were denominated in Hong Kong dollars. The Group is exposed to foreign currency risk primarily through certain bank deposits and other receivables which were denominated in Renminbi. The management would closely monitor such risk and would consider hedging significant foreign currency exposure should the need arise.

### Employees

As at 31 March 2014, the Group had approximately 150 staff. Total staff costs including directors' remuneration amounted to approximately HK$31.9 million (31 March 2013: HK$31.1 million) for the year under review.

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

## DIVIDEND

The directors have resolved not to recommend the payment of any final dividend for the year ended 31 March 2014 (2013: Nil).

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 21 July 2014 to Thursday 24 July 2014 (both days inclusive) for the purpose of establishing entitlement of shareholders to attend and vote at the forthcoming Annual General Meeting of the Company. During this period, no transfer of shares will be registered. All transfers accompanied by the relevant share certificates must be lodged with the Company's branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 18 July 2014.

## 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 year.

## CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code contained in Appendix 14 (the "Code") to the Listing Rules as its own corporate governance code. The Company has complied with the Code provisions set out in the Code throughout the year ended 31 March 2014 except for Code provision A.2.1 in respect of the role separation of the chairman and the chief executive; Code provision A.4.1 in respect of the service term of non-executive directors ("NED"); Code provision A.5.6 in respect of a policy on board diversity and Code provision D.1.4 in respect of the letters of appointment for directors.

Code provision A.2.1 sets out that the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. Currently, Mr. Cheng Hop Fai assumes the role of both the chairman and the managing director (equivalent to the role of a chief executive) of the Company. The board of directors 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 NEDs 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 the 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 at least once every three years in accordance with the Company's Bye-laws, in the opinion of the directors, this meets the objective of the Code provision A.4.1.

Code provision A.5.6 stipulates that the nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report. Although the Code provision came into effect on 1 September 2013, a policy on board diversity was only formally adopted by the board of directors on 27 November 2013 as the board of directors has taken more time to discuss and formulate the policy for the Company.

Code provision D.1.4 sets out that issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for certain directors. All of the directors of the Company are, however, required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-Executive Directors" published by the Hong Kong Institute of Directors in performing their duties and responsibilities as directors of the Company. In the opinion of the directors, this meets the objective of the Code provision D.1.4.

## AUDIT COMMITTEE

The audit committee which comprises the three INEDs of the Company has reviewed with management and the external auditor financial reporting matters including the consolidated accounts for the year ended 31 March 2014.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors. Following specific enquiry by the Company, all the directors have confirmed that they have complied with the required standards as set out in the Model Code during the year ended 31 March 2014.

## PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The final results announcement will be published on the websites of the Company (www.g-vision.com.hk) and the Stock Exchange (www.hkex.com.hk). The Company's annual report 2013/2014 will be dispatched to the shareholders and posted on the said websites in due course.


## ACKNOWLEDGEMENTS

I would like to express my gratitude to the management and staff members of the Group for their dedication and invaluable efforts and contributions to the Group during the year.


By Order of the Board
**Cheng Hop Fai**
*Chairman*

Hong Kong, 12 June 2014

*As at the date of this announcement, the board of directors of the Company 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; and Mr. Leung Tai Chiu, Mr. Law Toe Ming and Mr. Mark Yiu Tong, William as independent non-executive directors.*