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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

The board of directors of G-Vision International (Holdings) Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2017, together with comparative results. The condensed interim results have not been audited, but have been reviewed by the Company's auditor, Deloitte Touche Tohmatsu, and the Company's audit committee.

* *for identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2017

	Notes	1.4.2017 to 30.9.2017 HK$'000 (unaudited)	1.4.2016 to 30.9.2016 HK$'000 (unaudited)
Revenue		**38,208**	40,964
Other income and other gains and losses		**481**	848
Cost of inventories consumed		**(12,072)**	(13,242)
Staff costs		**(16,058)**	(16,278)
Operating lease rentals		**(7,881)**	(8,321)
Depreciation		**(17)**	(17)
Other operating expenses		**(8,830)**	(10,215)
Loss for the period attributable to owners of the Company	4	**(6,169)**	(6,261)
Other comprehensive income (expense):			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale investments		**200**	47
Reclassification to profit or loss upon disposal of available-for-sale investments		**–**	89
Reclassification adjustment relating to impairment loss on available-for-sale investments		**(75)**	507
Other comprehensive income for the period		**125**	643
Total comprehensive expense for the period attributable to owners of the Company		**(6,044)**	(5,618)
Loss per share (basic and diluted)	6	**(HK0.32 cent)**	(HK0.32 cent)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

	Notes	**30.9.2017** *HK$'000* **(unaudited)**	31.3.2017 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment		**121**	118
Available-for-sale investments		**1,185**	1,110
Property rental deposits		**1,080**	–
		2,386	1,228
Current assets			
Inventories		**1,304**	1,246
Trade and other receivables	7	**5,847**	6,494
Available-for-sale investments		**1,323**	3,397
Pledged bank deposits		**414**	413
Short-term bank deposits			
– with original maturity over three months		**67,708**	46,945
– with original maturity within three months		**14,071**	36,359
Bank balances and cash		**7,683**	10,766
		98,350	105,620
Current liabilities			
Trade and other payables	8	**7,345**	7,413
Net current assets		**91,005**	98,207
Net assets		**93,391**	99,435
Capital and reserves			
Share capital		**194,631**	194,631
Reserves		**(101,240)**	(95,196)
Total equity		**93,391**	99,435

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for available-for-sale investments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2017.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealized losses
Amendments to HKFRS 12	As part of the annual improvements to HKFRSs 2014-2016 cycle

Amendments to HKAS 7 "Disclosure initiative"

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specially, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the condensed consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

The adoption has no impact on these condensed consolidated financial statements but will result in relevant disclosures in the Group's annual consolidated financial statements for the year ending 31 March 2018.

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

3. **SEGMENT INFORMATION**

Financial information provided to the chief operating decision makers, 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 condensed consolidated statement of profit or loss and other comprehensive income and the condensed consolidated statement of financial position. Financial information regarding the segment for the six months ended 30 September 2017 and 2016 can be made with reference to the results as set out in the condensed consolidated statement of profit or loss and other comprehensive income.

4. **LOSS FOR THE PERIOD**

	1.4.2017 to 30.9.2017	1.4.2016 to 30.9.2016
	HK$'000	*HK$'000*
Loss for the period has been arrived at after charging (crediting):		
Depreciation	**17**	17
(Reversal of) impairment loss recognised on available-for-sale investments	**(75)**	507
Interest income from:		
– Available-for-sale investments	**(97)**	(71)
– Others	**(384)**	(721)
Net exchange (gain) loss	**(146)**	562

5. **TAXATION**

No provision for Hong Kong profits tax has been made in the condensed consolidated financial statements as the Group did not have assessable profit for both periods.

6. **LOSS PER SHARE**

The calculation of basic loss per share is based on the loss for the period attributable to the owners of the Company of HK$6,169,000 (six months ended 30 September 2016: HK$6,261,000) and on 1,946,314,108 shares (six months ended 30 September 2016: 1,946,314,108 shares) in issue during the period.

The calculation of diluted loss per share for both periods does not assume the exercise of share options as their assumed exercise 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 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:

	30.9.2017	31.3.2017
	HK$'000	*HK$'000*
0 - 60 days	**1,249**	453
61 - 90 days	**1**	10
	1,250	463

Interest generated from the bank deposits is recognised by the Group as interest income and included in 'Other income and other gains and losses' in the condensed consolidated statement of profit or loss and other comprehensive income.

8. TRADE AND OTHER PAYABLES

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

	30.9.2017	31.3.2017
	HK$'000	*HK$'000*
0 - 60 days	**2,545**	2,367
More than 60 days	**37**	10
	2,582	2,377

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the six months ended 30 September 2017, the Group recorded a consolidated revenue of approximately HK$38.2 million, a decrease of 6.7% compared to the last corresponding period's revenue of approximately HK$41.0 million.

The net loss for the period under review amounted to approximately HK$6.2 million compared to the net loss of approximately HK$6.3 million in the last corresponding period.

Review of Operations

Revenue from the restaurant operation amounted to approximately HK$38.2 million for the period under review. The decline in revenue by approximately HK$2.8 million compared to the last corresponding period was mainly attributable to the closure of the Tsim Sha Tsui branch for three weeks in April 2017 due to some kitchen maintenance and upgrading works. Revenue contributed by the Cheung Sha Wan Plaza branch remained relatively stable and the profit margin further improved during the first six months of the financial year.

The net loss for the Group had improved by approximately HK$0.1 million during the period under review. The group's result was negatively impacted by the loss in revenue during the renovation period which resulted in a loss of profit margin by approximately HK$1 million and an increase in repair and maintenance costs of approximately HK$0.5 million. The decrease in interest income of approximately HK$0.3 million further increases the net loss. On the other hand, the positive impact from the foreign exchange movement of approximately HK$0.7 million; the year-on-year change of the impairment losses for the Group's available-for-sale investments of approximately HK$0.6 million as well as the decrease in rental costs of approximately HK$0.4 million and staff costs of approximately HK$0.2 million all contributed to lower the net loss position.

Liquidity and Financial Resources

The Group's cash and bank balances (including pledged bank deposits) amounted to approximately HK$89.9 million as at 30 September 2017. As the Group had no bank borrowings, the Group's gearing ratio was zero as at 30 September 2017 and 31 March 2017.

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 available-for-sale investments which are denominated in Renminbi and United States Dollar. The management would closely monitor such risk and would consider hedging significant foreign currency exposure should the need arise.

Employees and Remuneration Policies

As at 30 September 2017, the Group had approximately 150 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 2017 (for the six months ended 30 September 2016: nil).

PROSPECTS

The lower corporate and consumer expenditures coupled with higher labour and rental costs will continue to 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. Nevertheless, the Group will continue to review and revise its business strategies on a regular basis with the aim to better position itself to meet the challenges ahead and to capture any new investment 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 current interim period.

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 six months ended 30 September 2017 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 ("NEDs"); 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 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 comprises the three INEDs of the Company, namely, Mr. Leung Tai Chiu as the chairman, and Mr. Law Toe Ming and Mr. Mark Yiu Tong, William as members. The terms of reference of the audit committee are consistent with the code provisions set out in the Code. 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 2017.

REMUNERATION COMMITTEE

Pursuant to rule 3.25 of the Listing Rules, the Company has established a remuneration committee comprising the three INEDs of the Company, namely, Mr. Law Toe Ming as the chairman, and Mr. Leung Tai Chiu and Mr. Mark Yiu Tong, William as members. The terms of reference of the remuneration committee are consistent with the code provisions set out in the Code. 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.

NOMINATION COMMITTEE

Pursuant to code provision A.5.1 set out in the Code, the Company has established a nomination committee comprising Mr. Cheng Hop Fai as the chairman and two INEDs of the Company, namely, Mr. Law Toe Ming and Mr. Mark Yiu Tong, William as members. The terms of reference of the nomination committee are consistent with the code provisions set out in the Code. The principal function of the nomination committee is to review the structure, size, composition and diversity of the board of directors at least annually with reference to the business needs and development of the Company and make recommendations to the board of directors on any proposed changes to the board of directors to complement the Group's corporate strategy.

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 confirmed that they have complied with the required standards as set out in the Model Code during the six months ended 30 September 2017.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement will be published on the websites of the Company (www.g-vision.com.hk) and The Stock Exchange of Hong Kong Limited (www.hkex.com.hk). The Company's interim report 2017/2018 will be dispatched to its shareholders and posted on the said websites in due course.

By Order of the Board
Cheng Hop Fai
Chairman

Hong Kong, 28 November 2017

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