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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)

### ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2023

The board (the “Board”) of directors (the “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 2023 together with comparative figures for the year ended 31 March 2022, as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Note</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Revenue</b>	3	<b>45,181</b>	114,637
Cost of sales		<u>(13,700)</u>	<u>(79,129)</u>
<b>Gross profit</b>		<b>31,481</b>	35,508
Other income and other gains and losses	4	<b>3,354</b>	2,033
Staff costs		<b>(22,458)</b>	(19,186)
Short-term lease rentals		<b>(4,846)</b>	(6,230)
Depreciation		<b>(3,616)</b>	(3,321)
Impairment loss on property, plant and equipment		<b>(4,564)</b>	(1,890)
Impairment loss on right-of-use assets		<b>(7,511)</b>	(3,110)
Write off of property, plant and equipment		<b>–</b>	(2,005)
Other operating expenses		<u><b>(12,795)</b></u>	<u>(14,169)</u>
<b>Loss from operations</b>		<b>(20,955)</b>	(12,370)
Finance costs	6	<b>(631)</b>	(1,406)
<b>Loss before tax</b>		<b>(21,586)</b>	(13,776)
Income tax expense	7	<b>(44)</b>	(304)
<b>Loss for the year and loss attributable to owners of the Company</b>	8	<u><b>(21,630)</b></u>	<u>(14,080)</u>

\* for identification purpose only

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*FOR THE YEAR ENDED 31 MARCH 2023*

	<i>Note</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
<b>Other comprehensive (loss)/income:</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value changes of equity investments at fair value through other comprehensive income (“FVTOCI”)		<b>(154)</b>	(125)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translating foreign operations		<u>(28)</u>	<u>116</u>
<b>Other comprehensive loss for the year, net of tax</b>		<u><b>(182)</b></u>	<u>(9)</u>
<b>Total comprehensive loss for the year attributable to owners of the Company</b>		<u><b>(21,812)</b></u>	<u>(14,089)</u>
<b>Loss per share (basic and diluted) (cents)</b>	9	<u><b>(1.11)</b></u>	<u>(0.72)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		821	6,000
Right-of-use assets		–	9,711
Property rental deposits		<u>1,369</u>	<u>1,330</u>
		<u>2,190</u>	<u>17,041</u>
<b>Current assets</b>			
Inventories		663	768
Trade receivables, prepayments and other receivables	10	1,669	1,319
Property rental deposits		1,481	1,481
Equity instruments as at FVTOCI		977	1,131
Bank and cash balances		<u>24,523</u>	<u>31,730</u>
		<u>29,313</u>	<u>36,429</u>
<b>Current liabilities</b>			
Trade and other payables	11	8,074	5,830
Tax payables		44	–
Lease liabilities		<u>2,843</u>	<u>2,443</u>
		<u>10,961</u>	<u>8,273</u>
<b>Net current assets</b>		<u>18,352</u>	<u>28,156</u>
<b>Total assets less current liabilities</b>		<u>20,542</u>	<u>45,197</u>
<b>Non-current liability</b>			
Lease liabilities		<u>7,977</u>	<u>10,820</u>
<b>NET ASSETS</b>		<u><u>12,565</u></u>	<u><u>34,377</u></u>
<b>Capital and reserves</b>			
Share capital		194,631	194,631
Reserves		<u>(182,066)</u>	<u>(160,254)</u>
<b>TOTAL EQUITY</b>		<u><u>12,565</u></u>	<u><u>34,377</u></u>

## NOTES:

### 1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

### 2. APPLICATION OF AMENDMENTS TO HKFRSS

#### (a) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020
Amendments to HKFRS 3	Reference to the Conceptual Framework

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

**(b) New and amendments to HKFRSs in issue but not yet effective**

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

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1 Presentation of Financial Statements	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to HKAS 1 Presentation of Financial Statements	Non-current Liabilities with Covenants <sup>2</sup>
HK Interpretation 5 (Revised) Presentation of Financial Statements	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>3</sup> Effective date is to be determined

The Directors anticipate that the application of all the above new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. REVENUE

#### (a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by service line for the year is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products or service lines		
– Operation of Chinese restaurants	45,181	40,577
– Property development	–	74,060
	<u>45,181</u>	<u>114,637</u>

The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines and geographical regions.

For the year ended 31 March	Restaurant operations		Property development		Total	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Geographical market</b>						
Hong Kong	45,181	40,577	–	–	45,181	40,577
Australia	–	–	–	74,060	–	74,060
	<u>45,181</u>	<u>40,577</u>	<u>–</u>	<u>74,060</u>	<u>45,181</u>	<u>114,637</u>
<b>Timing of recognition</b>						
Transferred at a point in time	<u>45,181</u>	<u>40,577</u>	<u>–</u>	<u>74,060</u>	<u>45,181</u>	<u>114,637</u>

**(b) Performance obligation**

*Restaurant operations*

The performance obligation is the promise to provide food and beverages. Revenue from the operations of Chinese restaurants is recognised at a point in time when the food and beverages are served to the customers. A receivable is recognised by the Group when the services are rendered to the customers at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Payment of the transaction price is due immediately at the point the services are rendered to the customers. For payments settled by credit cards by customers, the settlement period is normally within 2 days from the trade date. As the provision of these services are at a period of one year or less, as permitted under HKFRS 15, the transaction price allocation to the unsatisfied contracts is not disclosed.

*Property development*

The Group develops residential properties in Australia. Revenue is recognised at the point in time when control over the property has been transferred to the customer.

**4. OTHER INCOME AND OTHER GAINS AND LOSSES**

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Other income</b>		
Interest income - bank deposits	360	2
Dividend income	73	67
Sundry income	8	437
Rental concession	1,144	–
Government subsidies ( <i>Note</i> )	2,275	2,050
Imputed interest income	39	150
	<u>3,899</u>	<u>2,706</u>
<b>Other gains and losses</b>		
Net exchange loss	<u>(545)</u>	<u>(673)</u>
<b>Total</b>	<u><u>3,354</u></u>	<u><u>2,033</u></u>

*Note:*

During the year, the Group recognised government grants of HK\$2,275,000 (2022: HK\$2,050,000) in respect of COVID-19 related subsidies, which related to the Employment Support Scheme and the Catering Business (Social Distancing) Subsidy Scheme provided by the Government of the Hong Kong Special Administrative Region.

## 5. SEGMENT INFORMATION

The Group has two operating segments as follows:

Restaurant operations	–	Operation of Chinese restaurants in Hong Kong
Property development	–	Property development in Australia

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different expertise and marketing strategies.

Segment profits or losses do not include unallocated administrative expenses, other income and interest income. Segment assets do not include bank and cash balances. Segment liabilities do not include unallocated trade and other payables. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Revenue was generated from external customers. There were no inter-segment sales in both years.

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



**Information about operating segment profit or loss, assets and liabilities:**

**Restaurant  
operations in  
Hong Kong  
HK\$'000**

**Year ended 31 March 2023**

Revenue from external customers	45,181
Segment loss	(22,344)
Interest expense	(631)
Government subsidies	2,275
Depreciation of property, plant and equipment	(1,416)
Depreciation of right-of-use assets	(2,200)
Impairment loss on property, plant and equipment	(4,564)
Impairment loss on right-of-use assets	(7,511)
Additions to segment non-current assets	801

**As at 31 March 2023**

Segment assets	5,969
Segment liabilities	(18,731)

	Restaurant operations in Hong Kong HK\$'000	Property development in Australia HK\$'000	Total HK\$'000
<b>Year ended 31 March 2022</b>			
Revenue from external customers	40,577	74,060	114,637
Segment (loss)/profit	(21,371)	7,447	(13,924)
Interest expense	(1,406)	–	(1,406)
Government subsidies	2,050	–	2,050
Depreciation of property, plant and equipment	(927)	–	(927)
Depreciation of right-of-use assets	(2,394)	–	(2,394)
Impairment loss on property, plant and equipment	(1,890)	–	(1,890)
Impairment loss on right-of-use assets	(3,110)	–	(3,110)
Income tax expense	–	(304)	(304)
Additions to segment non-current assets	22,791	–	22,791
<b>As at 31 March 2022</b>			
Segment assets	20,608	1	20,609
Segment liabilities	(18,713)	(305)	(19,018)

**Reconciliations of segment revenue and profit or loss:**

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Revenue</b>		
Total revenue of reportable segments	<u>45,181</u>	<u>114,637</u>
Consolidated revenue	<u><u>45,181</u></u>	<u><u>114,637</u></u>
<b>Profit or loss</b>		
Total profit or loss of reportable segments	(22,344)	(13,924)
Unallocated amounts:		
Administrative expenses	(321)	(139)
Interest revenue	399	152
Net exchange loss	(545)	(673)
Income tax expense	(44)	–
Other unallocated income	<u>1,225</u>	<u>504</u>
Consolidated loss for the year	<u><u>(21,630)</u></u>	<u><u>(14,080)</u></u>

**Reconciliations of segment assets and liabilities:****Assets**

Total assets of reportable segments	5,969	20,609
Equity instruments at FVTOCI	977	1,131
Bank and cash balances	24,523	31,730
Other receivables	<u>34</u>	<u>–</u>
Consolidated total assets	<u><u>31,503</u></u>	<u><u>53,470</u></u>

**Liabilities**

Total liabilities of reportable segments	18,731	19,018
Other payables	<u>207</u>	<u>75</u>
Consolidated total liabilities	<u><u>18,938</u></u>	<u><u>19,093</u></u>

## 6. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest expenses on lease liabilities	597	438
Interest on loan from the ultimate parent	–	948
Imputed interest expense	34	20
	<u>631</u>	<u>1,406</u>

## 7. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for both years.

The Group's subsidiary incorporated in Australia was subject to Australian income tax at a rate of 25% (2022: 25%).

The taxation for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income is shown as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss before tax	<u>(21,586)</u>	<u>(13,776)</u>
Tax at Hong Kong Profits Tax rate of 16.5% (2022: 16.5%)	(3,562)	(2,273)
Tax effect of income that are not taxable	(710)	(1,218)
Tax effect of expenses that are not deductible	2,389	1,579
Tax effect of tax losses not recognised	1,921	1,442
Withholding tax	–	304
Effect of different tax rates of a subsidiary operating in other jurisdiction	6	470
Income tax expense	<u>44</u>	<u>304</u>

At the end of the reporting period the Group has unused tax losses of HK\$248,599,000 (2022: HK\$241,935,000) available for offsetting against future profits. No deferred tax asset has been recognised in respect of HK\$248,599,000 (2022: HK\$241,935,000) due to the unpredictability of future profit streams. The aforesaid unused tax losses of the Group have not yet been agreed by respective tax authorities. All tax losses may be carried forward indefinitely for both years.

## 8. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the following:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Auditor's remuneration	462	504
Building management fee and rates	3,925	4,513
Cost of inventories consumed	13,700	12,766
Construction cost	–	66,363
Depreciation		
– property, plant and equipment	1,416	927
– right-of-use assets	2,200	2,394
Impairment loss on		
– property, plant and equipment	4,564	1,890
– right-of-use assets	7,511	3,110
Staff costs	22,458	19,186
Short-term lease rentals	4,846	6,230
Net exchange loss	545	673
Utilities and cleaning expenses	4,002	3,557
	<u>                    </u>	<u>                    </u>

## 9. LOSS PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Loss</b>		
Loss attributable to owners of the Company	<u>(21,630)</u>	<u>(14,080)</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share ( <i>Note</i> )	<u>1,946,314,108</u>	<u>1,946,314,108</u>

*Note:*

There was no dilutive potential ordinary share for the Company's share option for both years.

## 10. TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables from restaurant operations	<b>180</b>	–
Prepayments	<b>502</b>	483
Other receivables	<b>987</b>	836
	<u><b>1,669</b></u>	<u>1,319</u>

Most of the restaurant customers settle in cash and credit cards.

The credit terms of the Group granted to other customers were 30 days on average. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors.

The ageing analysis of trade receivables from restaurant operations, based on the invoice date, and net of allowance, is as follows:

	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	<b>180</b>	–

As of 31 March 2023, no trade receivables from restaurant operations were past due but not impaired (2022: HK\$Nil).

The Group does not hold any collateral over these balances. All trade receivables from restaurant operations are denominated in HK\$.

## 11. TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables ( <i>Note</i> )	2,516	1,013
Other payables	2,175	1,468
Reinstatement costs	1,183	1,149
Long service payables	2,200	2,200
	<u>8,074</u>	<u>5,830</u>

*Note:*

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 60 days	2,459	167
Over 60 days	57	846
	<u>2,516</u>	<u>1,013</u>

Analysed as:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current liabilities	<u>8,074</u>	<u>5,830</u>

All trade payables are denominated in HK\$.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

#### **Revenue and Net Loss**

For the year ended 31 March 2023, the Group recorded consolidated revenue of approximately HK\$45.2 million, representing a decrease of approximately 60.6% from the previous year's revenue of approximately HK\$114.6 million. The substantial decrease in revenue was primarily attributable to the completion of the Group's property development project in Australia in October 2021 and no further revenue (2022: approximately HK\$74.0 million) was recognised for this segment in the year under review. The revenue from the restaurant operations in Hong Kong was approximately HK\$45.2 million, representing an increase of approximately 11.3% from previous year's revenue of approximately HK\$40.6 million.

The Group recorded a net loss of approximately HK\$21.6 million for the year under review compared to a net loss of approximately HK\$14.1 million for the last corresponding period. The significant increase in net loss was mainly due to the increase in non-cash impairment losses of approximately HK\$4.4 million and HK\$2.7 million on the Group's right-of-use assets and property, plant and equipment respectively.

#### **Gross Profit**

The decrease in gross profit of approximately HK\$4.0 million from approximately HK\$35.5 million for the year ended 31 March 2022 to approximately HK\$31.5 million for the year ended 31 March 2023 was the combined effect of no gross profit being recognised from the property development segment for the year ended 31 March 2023 (2022: approximately HK\$7.7 million), which was partially offset by the increase in gross profit from the restaurant operations segment of approximately HK\$3.7 million. The increase in gross profit for the restaurant operations segment was in line with the increase in turnover and the improvement in gross profit margin of the segment.

#### **Other Income and Other Gains and Losses**

The other income and other gains and losses of approximately HK\$3.4 million for the year ended 31 March 2023 mainly consists of approximately HK\$2.3 million (2022: approximately HK\$2.1 million) subsidies granted by the Hong Kong Government ("HK Govt"). The Group had received in total approximately HK\$10.0 million subsidies from the HK Govt under various stages of the Anti-epidemic Fund relief schemes since April 2020. The COVID-19-related rent concessions of approximately HK\$1.1 million received for the Group were recognised as other income in the year under review.

### **Staff Costs**

Total staff costs were approximately HK\$22.5 million for the year under review, representing an increase of HK\$3.3 million from the previous year's staff costs of approximately HK\$19.2 million. The Group's staff costs were lower in the last quarter of 2021 following the closure of Hover City Chiu Chow Restaurant and in the first quarter of 2022 due to the adoption of the unpaid leave arrangement during the suspension of operations of both restaurants at the height of the pandemic. However, the effect of the aforementioned reduction in staff costs was partially offset by the surge in staff costs in the second half of the year as the Group had to offer higher pay to hire or to retain staff amid labour shortage in the catering business.

### **Lease Rentals and Related Expenses**

The adoption of HKFRS 16 on the Group's lease agreements resulted in the recognition of short-term lease rentals of approximately HK\$4.8 million (2022: approximately HK\$6.2 million); depreciation of right-of-use assets of approximately HK\$2.2 million (2022: approximately HK\$2.4 million) and interest expenses on lease liabilities of approximately HK\$0.6 million (2022: approximately HK\$0.4 million) for the year under review. The reduction in short-term lease rentals of approximately HK\$1.4 million was mainly due to the closure of Hover City Chiu Chow Restaurant in October 2021.

### **Impairment Loss on Property, Plant and Equipment and Right-of-Use Assets**

After considering (i) the latest development of the Group's restaurant operations, (ii) the challenges ahead and (iii) the uncertainties casted on the Group's future cash flows stream, the management had adjusted the cash flow forecast of the Group and adopted a more prudent view on the business growth resulting in the recognition of approximately HK\$7.5 million (2022: approximately HK\$3.1 million) and HK\$4.6 million (2022: approximately HK\$1.9 million) non-cash impairment losses on the Group's right-of-use assets and the property, plant and equipment respectively.

### **Write-off of Property, Plant and Equipment**

For the year ended 31 March 2022, there was an additional loss of approximately HK\$2.0 million due to the write-off of the remaining balances of property, plant and equipment for Hover City Chiu Chow Restaurant following its closure in the beginning of October 2021.

### **Other Operating Expenses**

The decrease in other operating expenses of approximately HK\$1.4 million from approximately HK\$14.2 million for the year ended 31 March 2022 to approximately HK\$12.8 million for the year ended 31 March 2023 was mainly attributable to (i) the year-on-year decrease in repair & maintenance costs of approximately HK\$0.7 million; (ii) the decrease in building management fees and rates of approximately HK\$0.6 million and (iii) the decrease in professional fees of approximately HK\$0.2 million.



## **Finance Costs**

The Group obtained loan facilities on 1 February 2021 of HK\$40 million from its ultimate parent, Kong Fai International Limited, which bear interest at a rate of 5% per annum. On 1 September 2021, the loan facilities were increased to HK\$50 million. During the year ended 31 March 2022, the total sum drawn down by the Group was approximately HK\$43 million with accrued loan interests of approximately HK\$1.1 million. The loans and accrued interest amounted to approximately HK\$44.1 million were fully repaid in October 2021, so there was no interest on loan from the ultimate parent for year ended 31 March 2023.

## **BUSINESS REVIEW**

### **Restaurant Operation in Hong Kong**

The Group is mainly engaged in the operation of Chinese restaurants in Hong Kong which specialise in Chiu Chow cuisine. Revenue from the restaurant operation amounted to approximately HK\$45.2 million for the year under review, representing an increase of approximately HK\$4.6 million from the previous year. Hover City Chiu Chow Restaurant with floor area of approximately 1,683 sq. m. at Cheung Sha Wan Plaza ceased operation following the expiration of its lease on 30 September 2021. The Group opened a new restaurant, Kwun Tong City Chiu Chow Restaurant with floor area of approximately 509 sq. m. at Yue Man Square, Kwun Tong on 7 December 2021. As a result of the above, the operating floor areas were largely reduced by approximately 1,174 sq. m., hence limiting the revenue growth for the period under review while at the same time resulting in costs saving in rental related expenses and other operating expenses.

### ***Impact of COVID-19***

Since January 2020, the food and beverage industry in Hong Kong has been hit hard by the outbreak of the COVID-19 pandemic and the various social distancing and quarantine measures imposed by the HK Govt. The prolonged period of the pandemic continued to have an adverse impact on the operations and financial results of the Group's restaurants during the year under review:

#### ***Fifth Wave of COVID-19 Outbreak – January 2022 to April 2022***

From 7 January 2022, catering businesses in Hong Kong had to cease dine-in services from 6 p.m. to 4.59 a.m. of the subsequent day. The maximum number of persons per table was two during business hours. On 27 January 2022, the HK Govt outlined its plan to expand the Vaccine Pass arrangements whereby, starting from 24 February 2022, all persons aged 12 or above entering certain specified premises are required to adhere to the Vaccine Pass arrangements by using the "LeaveHomeSafe" mobile application and presenting their vaccination record.

As a result of the surge in the number of COVID-19 cases in February 2022 and for the safety of the patrons and staff of the Group, the operations of the Tsim Sha Tsui branch were suspended from 14 February 2022 to 9 April 2022, while the operations of the Kwun Tong branch were also suspended from 8 February 2022 to 12 April 2022.

In light of the downward trend of the daily number of COVID-19 cases at the time in Hong Kong, from 21 April 2022, the HK Govt planned to relax most of the social distancing measures in three phases. During phase one, effective from 21 April 2022, dine-in services of catering businesses from 6 p.m. to 9.59 p.m. resumed, with the maximum number of persons per table increased to four. All staff had to undergo a rapid antigen test ("RAT") once every three days before entering the premises.

#### *May 2022 to September 2022*

During phase two, effective from 5 May 2022, the restrictions on dine-in service hours for catering businesses were further relaxed to extend to midnight, with the maximum number of persons per table increased to eight. The third stage of the Vaccine Pass arrangements, which required citizens to receive the third dose of COVID-19 vaccines before entering specified premises, was also implemented on 31 May 2022.

Since the beginning of June 2022, the daily number of COVID-19 cases in Hong Kong began to show an upward trend and a number of cluster infections emerged again. In order to contain the risk of virus transmission, the HK Govt reiterated that there was no room to relax any social distancing measures. However, considering the needs for social and economic activities, the HK Govt maintained the then social distancing measures without any further tightening. All catering premises and scheduled premises were allowed to continue operating subject to strict compliance with the requirements including the Vaccine Pass, the "LeaveHomeSafe" mobile application as well as virus testing. In addition, every person participating in a banquet must produce to the persons-in-charge of the catering premises a photo of the negative result of RAT conducted within the preceding 24 hours before entering the premises. A negative nucleic acid test result obtained within 48 hours before entering the premises could also be used to fulfil the above RAT requirement. From 30 September 2022, the Vaccine Pass arrangements were extended to apply to children aged 5 to 11, who were required to have received at least one dose of the COVID-19 vaccine for entering premises subject to the Vaccine Pass arrangements.

The imposition of strict social distancing measures on elderlies and children continued to deter the patrons of the Group from dining out and had a direct adverse impact on the turnover for the Group's restaurants during the summer holiday and the Mid-Autumn Festival periods in 2022. There was an increase in ad-hoc cancellation in booking amid the surge in confirmed cases since June 2022. As a result, the turnover for the first half of the year under review was 40% below the pre-COVID-19 level.

### *October 2022 to December 2022*

From 6 October 2022, as the COVID-19 epidemic situation in Hong Kong became relatively stable, certain social distancing measures were further relaxed, with the maximum number of persons per table increased from 8 to 12 and the maximum number of persons for banquets increased from 120 to 240. From 3 November 2023, the restrictions on the operating and dine-in service hours for catering businesses were lifted.

Despite the gradual relaxation of social distancing measures, the market sentiment continued to remain unfavorable in the third quarter as outbound travels from Hong Kong increased, resulting in an unexpected decrease in revenue compared to the previous quarter.

### *January 2023 to March 2023*

From 29 December 2022, the requirements of the Vaccine Pass arrangements, the isolation order for close contacts of COVID-19 patients and the restriction on the number of people allowed to be seated together at one table in restaurants were lifted. Inbound tour group travellers holding an amber code under the Vaccine Pass, who were received by licensed travel agents, were allowed to enter designated catering premises that met special anti-epidemic requirements.

The turnover showed signs of improvement in January 2023 before Chinese New Year but was stagnant in February and March 2023. The tour business did pick up but poor market sentiment and increasing competition hindered the business from returning to pre-COVID level. As a result, the overall turnover for the Group's restaurant operations for the year under review was 25% below the target revenue.

As compensation and financial support for various business sectors in light of the impact of the tightened social distancing measures, the HK Govt launched further rounds of the Anti-epidemic Fund in 2022. The Group received a total of approximately HK\$1.9 million under the Employment Support Scheme and approximately HK\$0.4 million under the sixth round of the Catering Business (Social Distancing) Subsidy Scheme for the year ended 31 March 2023. The Group also received approximately HK\$1.1 million of COVID-19 related rental concession for the year under review.

## **Property Development in Australia**

The property development project in Australia commenced from March 2020 and completed in October 2021. A project control team had been set up to oversee and monitor the marketing and construction progress. Following the issue of the occupation certificate for the apartment block in the end of October 2021, the Group recognised development management fees of approximately A\$12.9 million (HK\$74.1 million equivalent) and cost of sales of approximately A\$11.5 million (HK\$66.4 million equivalent) for the year ended 31 March 2022 accordingly. The profit margin was approximately A\$1.4 million (HK\$7.7 million equivalent) for the year ended 31 March 2022. Owing to completion of the abovementioned property development project during the year ended 31 March 2022, no revenue was generated from this segment for the year under review.

## **Outlook**

The restaurant business will continue to serve as the core operation of the Group. However, the operating environment for the Group's restaurant operation remains challenging amid the more stable condition of the COVID-19 pandemic. For the restaurant business, the Group's strategy is to concentrate on operating medium-sized restaurants while achieving efficient risk management. It will also adopt a more cautious approach in future expansion plan as well as in committing further capital expenditure. The Group will continue to seek investment opportunities in property development projects both in Hong Kong and in Australia. The diversification into the property development segment will give the Group ample opportunities to acquire additional source of income and achieve a positive return to the Group and the shareholders of the Company.

## **Liquidity and Financial Resources**

The Group's bank and cash balances amounted to approximately HK\$24.5 million as at 31 March 2023. As the Group had no bank borrowings, the Group's gearing ratio was zero (defined as total bank borrowings divided by total assets) as at 31 March 2023 and 31 March 2022.

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, bank and cash balances from the restaurant operations are denominated in Hong Kong dollars. The Group is exposed to foreign currency risk primarily through its property development operations in Australia as the relevant transactions, assets, liabilities and bank balances are denominated in Australian dollar. The management would closely monitor such risk and would consider hedging significant foreign currency exposure should the need arise.

## **Employees**

As at 31 March 2023, the Group had approximately 95 staff. Total staff costs including directors' emoluments amounted to approximately HK\$22.5 million (2022: approximately HK\$19.2 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 Board has resolved not to recommend the payment of any final dividend for the year ended 31 March 2023 (2022: HK\$Nil).

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Thursday, 3 August 2023 to Tuesday 8 August 2023 (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 such period, no transfer of shares will be registered. All transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 2 August 2023.

## **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 (the "Code") contained in Appendix 14 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 2023 except for code provision C.2.1 in respect of the role separation of the chairman and the chief executive and code provision C.3.3 in respect of the letters of appointment for directors.

Code provision C.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 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 C.3.3 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 C.3.3.

### **AUDIT COMMITTEE**

The audit committee of the Company has reviewed with management and the auditor financial reporting matters including the consolidated financial statements for the year ended 31 March 2023.

### **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained 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 year ended 31 March 2023.

### **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](http://www.g-vision.com.hk)) and The Stock Exchange of Hong Kong Limited ([www.hkex.com.hk](http://www.hkex.com.hk)). The Company’s annual report 2022/2023 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, 19 June 2023

*As at the date of this announcement, the Board 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; and Mr. Law Toe Ming, Mr. Hung Chi Yuen, Andrew and Mr. Yuen Shiu Cheong, Johnny as independent non-executive Directors.*