RESULTS

The audited consolidated loss attributable to shareholders of the Company and its subsidiaries ("the Group") for the year ended 31st March 2001 was approximately HK$5,591,000. Loss per share based on weighted average number of 373,270,798 shares amounted to 1.5 cents.

DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2001 (2000: nil).

REVIEW OF OPERATIONS

For the year ended 31 March 2001, the turnover of the Group amounted to HK$264,093,000, representing a 25.7% decrease from the corresponding period last year. This was mainly due to the stagnant market conditions faced by the retail sector as a whole, as well as the closure of some of the Group's restaurant outlets. The financial performance of the Group was further affected by the introduction of the Mandatory Provident Fund by the Hong Kong SAR Government. However, the loss for the year had been substantially reduced by 59.7% to HK$5,591,000. This was achieved by the effective restructuring plan and cost controlling measures implemented by the Group.

In August 2000, the Company changed its name to G-Vision International (Holdings) Limited. As explained in the circular to shareholders, the Board was convinced that the change of name would not only reflect the intention of the Group to diversify into other areas, but would also project a more modern image for the Company.

With respect to the purchase of Wen Jin Square, Shenzhen, the PRC, the developer of the properties failed to deliver the completed properties to the Group by June 1995 as stipulated in the purchase and sale agreements. The Group has therefore made claims against the developer to recover the deposits together with interest (at the rate as set out in the purchase and sale agreements) and damages for the developer's breach of the agreements. In July 1997, the Intermediate People's Court of Shenzhen delivered judgments in the first instance in favour of the Group. The developer then appealed to the Superior People's Court of Guangdong Province which delivered judgments in December 1997 substantially upholding the decision of the Intermediate People's Court of Shenzhen. The developer further made an application for a re-trial. The re-trial by the Superior People's Court of Guangdong Province was opened in July 1999 and the judgment was made in November 2000, under which the Group is obliged to take possession of the properties by paying the balance of the original purchase price amounting to HK$10,245,000 to the developer and the developer is obliged to pay compensation to the Group amounting to HK$10,245,000 for the delay of the delivery of the completed properties to the Group. The Group is negotiating with the developer to offset the above amounts. The Group expects that an agreement will be reached in the near future and accordingly, the Group has no further commitment in respect of the balance payment of the properties. The Group is in the process of obtaining the legal titles of the properties and intends to lease out the properties for rental.

LIQUIDITY AND FINANCIAL RESOURCES

In August 2000, the Company completed a rights issue of 290,912,116 new shares. Approximately HK$43.6m before expenses was raised from the exercise. Of the proceeds approximately HK$2.2m was used for the refurbishment of the existing restaurant outlets, approximately HK$5.0m was used for the rationalization of certain restaurant outlets and approximately HK$5.3m was used for the repayment of overdraft facilities. The balance was retained by the Group to build up its cash reserves.

As at 31 March 2001, the Group had in aggregate approximately HK$12.8m bank borrowings secured on certain properties owned by the Group. The Group's bank balances and cash (including pledged bank deposits) amounted to approximately HK$36.7m as at 31 March 2001, an increment of approximately 74.3% from previous year's balance.

The Group's gearing ratio as at 31 March 2001 was 9.3% (2000: 23.6%), based on bank borrowings of HK$12.8m (2000: HK$23.6m) and shareholder funds of HK$138.3m (2000: HK$100.2m).

PROSPECTS

During the year under review, the Group saw a recovery of its operations by the implementation of some cost controlling measures. Despite the Group still experiences impacts from the slow growing retail sector in Hong Kong, the various cost controlling measures will not be relaxed. Consolidation of existing operations still remains the primary objective of the Group in order to strengthen its profit base and to enhance efficiency. It is the aim of the Group to continue to deliver quality food and services to its customers.

Apart from its core business, the Group has plans to diversify into other business. Trading of the environmental friendly food containers business will commence in the coming year, which the Group believes would have substantial growth potential given the increasing awareness of environmental issues globally. At the same time, the Group will actively and prudently pursue other potential business opportunities.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to take this opportunity to thank our shareholders for their continuous support and wish to extend my sincere appreciation to all management and staff members for their efforts and dedication during the year.

On behalf of the Board of Directors

Cheng Hop Fai
Chairman & Managing Director

Hong Kong, 19 July 2001