

Report of the Directors

The directors present their annual report and the audited financial statements of the Company for the year ended 31 March 2001.

CHANGE OF NAME

Pursuant to a special resolution passed by the Company's shareholders at the annual general meeting of the Company held on 29 September 2000, the name of the Company was changed from City Chiu Chow (Holdings) Limited to G-Vision International (Holdings) Limited with effect from 2 October 2000.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the operation of a chain of Chinese restaurants in Hong Kong and elsewhere in the People's Republic of China (the "PRC") which specialise in Chiu Chow cuisine, and in the operation of a hotel in the PRC.

SEGMENTAL INFORMATION

Details of segmental information are set out in note 35 to the financial statements.

RESULTS

The results of the Group for the year are set out in the consolidated income statement on page 19.

No dividend was paid during the year. The directors do not recommend the payment of a final dividend for the year.

MAJOR SUPPLIERS AND CUSTOMERS

The largest supplier of the Group by itself and together with the other four largest suppliers accounted for approximately 14% and 42%, respectively, of the Group's purchases for the year under review.

The aggregate turnover attributable to the five largest customers of the Group was less than 30% of the Group's turnover for the year under review.

None of the directors, their associates or any shareholder which, to the knowledge of the directors, owns more than 5% of the Company's share capital has a beneficial interest in the Group's five largest suppliers.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 52.

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SHARE CAPITAL

During the year, the Company increased its authorised share capital from HK\$30,000,000 to HK\$500,000,000 by the creation of an additional 4,700,000,000 shares of HK\$0.10 each and issued 290,912,116 new shares of HK\$0.10 each by way of rights issue (“Rights Shares”) at an issue price of HK\$0.15 per Rights Share to the then existing shareholders in the proportion of three Rights Shares for every two shares then held. Details of these are set out in note 18 to the financial statements.

RESERVES

The movements in the reserves of the Group and the Company during the year are set out in note 20 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK\$4.6 million on the acquisition of furniture and restaurant equipment. Details of the movements in property, plant and equipment of the Group during the year are set out in note 9 to the financial statements.

INVESTMENT PROPERTIES

The Group’s investment properties were valued at 31 March 2001 by Messrs. RHL Appraisal Ltd., a firm of independent professional valuers, on an open market existing use basis. There was no change in the value of the investment properties. Details of the valuation and of the investment properties at 31 March 2001 are set out in note 10 to the financial statements.

PRINCIPAL SUBSIDIARIES

The details of the Company’s principal subsidiaries at 31 March 2001 are set out in note 12 to the financial statements.

ASSOCIATES

The details of the Group’s associates at 31 March 2001 are set out in note 13 to the financial statements.

BORROWINGS AND INTEREST CAPITALISED

Bank borrowings which are repayable within one year or on demand are classified as current liabilities. Repayment schedules of the Group’s bank borrowings are set out in note 17 to the financial statements. No interest was capitalised by the Group during the year.

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DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Mr. Cheng Hop Fai (*Chairman and Managing Director*)

Mrs. Cheng Kwok Kwan Yuk

Miss Cheng Pak Ming, Judy

Independent non-executive directors:

Mr. Law Toe Ming

Mr. Tse Tai Lam

Non-executive director:

Mr. Mark Yiu Tong, William

In accordance with Clause 87(1) of the Company's Bye-laws, all directors retire and, being eligible, offer themselves for re-election.

None of the directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN SHARES

At 31 March 2001, the interests of the directors and their associates in the shares of the Company and its associated corporations as recorded in the register maintained under Section 29 of Hong Kong's Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Name of director	Number of shares			
	Personal interests	Family interests	Corporate interests	Other interests
Mr. Cheng Hop Fai	–	–	–	339,397,470 (Note)
Mrs. Cheng Kwok Kwan Yuk	–	–	–	339,397,470 (Note)
Miss Cheng Pak Ming, Judy	–	–	–	339,397,470 (Note)
Mr. Law Toe Ming	500,000	–	–	–
Mr. Tse Tai Lam	–	–	–	–
Mr. Mark Yiu Tong, William	–	–	–	–

Note: Golden Toy Investments Limited ("Golden Toy") and Kong Fai International Limited ("Kong Fai") held 43,217,445 and 296,180,025 shares of the Company, respectively. Golden Toy and Kong Fai are wholly-owned by two discretionary trusts of which family members of Mr. Cheng Hop Fai, including Mr. Cheng Hop Fai, Mrs. Cheng Kwok Kwan Yuk and Miss Cheng Pak Ming, Judy, are discretionary objects.

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DIRECTORS' INTERESTS IN SHARES (Continued)

Save as disclosed above, at 31 March 2001, none of the directors or their associates had any interests in the shares or any securities of the Company and its associated corporations as defined in the SDI Ordinance.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2001, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance discloses the following entity as having an interest of 10% or more of the issued share capital of the Company:

Name of shareholder	Number of shares held	Percentage of shares held
Kong Fai	296,180,025	61.09%

Save as disclosed above, the Company has not been notified of any other interest representing 10% or more of the Company's issued share capital as at 31 March 2001.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

The Company has a share option scheme under which options may be granted to executive directors of the Company to subscribe for shares in the Company.

Details of share options held by the Company's directors under the share option scheme during the year are as follows:

Director	Exercisable period	Exercise price HK\$	Number of option shares		
			Outstanding balance at 1.4.2000	Granted on 19.3.2001	Outstanding balance at 31.3.2001
Mr. Cheng Hop Fai	19.3.2001 to 13.10.2002	0.10	–	12,100,000	12,100,000
Mr. Cheng Kwok Kwan Yuk	19.3.2001 to 13.10.2002	0.10	–	12,100,000	12,100,000
Miss Cheng Pak Ming, Judy	19.3.2001 to 13.10.2002	0.10	–	12,100,000	12,100,000

No share options have been exercised by the directors during the year.

Details of the Company's share option scheme are set out in note 19 to the financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES (Continued)

Save as disclosed above:

- (a) None of the directors, their spouses or children under the age of 18, had any right to subscribe for shares of the Company, or had exercised any such right during the year; and
- (b) At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

DIRECTORS' INTEREST IN CONTRACTS AND CONNECTED TRANSACTIONS

- (a) On 14 May 1999, the Group entered into a tenancy agreement with Homley Development Limited ("Homley"), a company in which Mr. Cheng Hop Fai, Mrs. Cheng Kwok Kwan Yuk and Miss Cheng Pak Ming, Judy are deemed to be beneficially interested, for leasing of Homley's premises for certain of the Group's restaurant operations for a period of three years commencing 1 May 1999 at a monthly rental of HK\$350,000 (exclusive of rates, management fees and air-conditioning charges). Details of the arrangement are set out in the circular dated 19 April 1999 issued by the Company. Rentals charged by Homley during the year under this tenancy agreement amounted to HK\$4,200,000. At 31 March 2001, accrued rental payable to Homley amounted to HK\$350,000.
- (b) During the year, the Group paid HK\$759,000, comprising a retainer fee of HK\$240,000 and reimbursement of disbursements of HK\$519,000, to Advance Leader Company Limited, a company in which Mr. Mark Yiu Tong, William has a beneficial interest, for advertising and marketing services.
- (c) During the year, the Group made rental payments of HK\$593,000, under the joint venture agreement, to the PRC joint venture partner of an indirect non wholly-owned subsidiary of the Company, 惠州君豪大酒店.

In addition, Mr. Cheng Hop Fai has given a personal guarantee to a bank in respect of banking facilities to the extent of HK\$15,000,000 granted to the Group. The guarantee will be released upon receipt of formal title deeds of the Group's properties situated in the PRC covered by the facilities and execution of formal first legal mortgage.

In the opinion of the independent non-executive directors of the Company, these transactions were carried out on normal commercial terms and in the ordinary course of business of the Group.

Other than as disclosed above, there was no other contract of significance, to which the Company or any of its subsidiaries and fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisting at the end of the year or at any time during the year.

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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 and fellow subsidiaries during the year.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31 March 2001 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws in Bermuda.

AUDITORS

During the year ended 31 March 2000, Messrs. Arthur Andersen & Co. resigned and Messrs. Deloitte Touche Tohmatsu were appointed as the auditors of the Company.

A resolution will be submitted at the annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu.

On behalf of the Board

Cheng Kwok Kwan Yuk
DIRECTOR

Hong Kong, 19 July 2001

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DETAILS OF EXECUTIVE DIRECTORS AND NON-EXECUTIVE DIRECTORS

EXECUTIVE DIRECTORS

Mr. Cheng Hop Fai, aged 57, is the Chairman and Managing Director of the Company. He is one of the founders of the Group and has over 15 years' experience in the restaurant business. He has been instrumental in the formulation and implementation of the business policies of the Group and is responsible for the general management and strategic planning of the Group.

Mrs. Cheng Kwok Kwan Yuk, aged 55, is the wife of Mr. Cheng and an Executive Director of the Company. She is one of the founders of the Group and has over 15 years' experience in the restaurant business. She is, with Mr. Cheng, responsible for the general management of the Group.

Miss Cheng Pak Ming, Judy, aged 30, is a daughter of Mr. and Mrs. Cheng. She holds a Bachelor degree in Economics from the University of Sydney. She is a Certified Practising Accountant of CPA Australia and an Associate Member of the Hong Kong Society of Accountants. She is an Executive Director of the Company and oversees the accounting functions of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Law Toe Ming, aged 59, was appointed as Non-executive Director of the Group on 1 December 1994. He is also a director of Texful Textile Limited.

Mr. Tse Tai Lam, aged 52, was appointed as Non-executive Director of the Group on 25 August 1997. He is also director of Best Focus Limited and Crown Rising Industries Limited.

NON-EXECUTIVE DIRECTOR

Mr. Mark Yiu Tong, William, aged 65, is a renowned food critic and a regular contributor to many newspapers and magazines in Hong Kong and overseas. He writes under the pen name of “唯靈” in Chinese newspapers and magazines and is the author of several books on Chinese cookery. He holds many awards in the food industry and has been acting as an adviser to the Group's restaurants since the establishment of its first restaurant in 1984.

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SENIOR MANAGEMENT

Miss Cheng Pak Man, Anita, aged 29, is the daughter of Mr. and Mrs. Cheng. She holds a Bachelor of Commerce degree from the University of New South Wales and a Master of Applied Finance degree from Macquarie University, Sydney. She is a Certified Practising Accountant of CPA Australia and an Associate Member of the Hong Kong Society of Accountants. She has over 5 years experience in the banking and accounting field in Hong Kong. She is responsible for the business development and the marketing function of the Group.

Mr. Cheng Kwun Hung, Peter, aged 27, is a son of Mr. and Mrs. Cheng. He holds a Bachelor degree in Commerce and a Bachelor degree in Laws from the University of New South Wales and is an Associate member of CPA Australia. He is responsible for the strategic planning and financial functions of the Group.

Ms. Chu Ka Yee, aged 34, is the Chief Financial Officer and Company Secretary of the Group. She holds a Bachelor degree in Business Administration from the Chinese University of Hong Kong and is a Fellow Member of the Association of Chartered Certified Accountants. She is responsible for the financial and company secretarial functions of the Group.

Mr. Cheung Lee Wah, Johnny, aged 41, is the Accounting and Administration Manager of the Group. He holds a Bachelor degree in Business Administration from the University of East Asia. He is responsible for the administrative functions of the Group.