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 2018

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 2018 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 2018

	NOTES	**2018** *HK$'000*	2017 *HK$'000*
Revenue	3	**86,926**	88,305
Other income and other gains		**1,520**	1,439
Cost of inventories consumed		**(27,500)**	(28,257)
Staff costs		**(34,938)**	(33,655)
Operating lease rentals		**(16,023)**	(16,614)
Depreciation		**(37)**	(31)
Other operating expenses		**(18,893)**	(20,195)
Loss for the year attributable to owners of the Company	4	**(8,945)**	(9,008)

* *for identification purpose only*

	NOTE	2018 HK$'000	2017 HK$'000
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale investments		**327**	(18)
Reclassification to profit or loss upon disposal of available-for-sale investments		**–**	89
Reclassification adjustment relating to impairment loss on available-for-sale investments		**–**	572
Other comprehensive income for the year		**327**	643
Total comprehensive expense for the year attributable to owners of the Company		**(8,618)**	(8,365)
Loss per share (basic and diluted)	6	**(HK0.46 cent)**	(HK0.46 cent)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	NOTES	**2018** *HK$'000*	2017 *HK$'000*
Non-current assets			
Property, plant and equipment		**121**	118
Available-for-sale investments	7	**–**	1,110
Property rental deposits		**5,320**	–
		5,441	1,228
Current assets			
Inventories		**1,217**	1,246
Trade and other receivables	8	**2,302**	6,494
Available-for-sale investments	7	**2,750**	3,397
Pledged bank deposits		**414**	413
Short-term bank deposits			
– with original maturity over three months		**70,366**	46,945
– with original maturity within three months		**7,016**	36,359
Bank balances and cash		**10,765**	10,766
		94,830	105,620
Current liabilities			
Trade and other payables	9	**7,984**	7,413
Net current assets		**86,846**	98,207
Net assets		**92,287**	99,435
Capital and reserves			
Share capital		**194,631**	194,631
Reserves		**(102,344)**	(95,196)
Total equity		**92,287**	99,435

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 (the "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 that are measured at fair values at the end of the reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2. APPLICATION OF NEW AND REVISED HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs and Hong Kong Accounting Standard ("HKAS") issued by the HKICPA for the first time in the current year.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle

The application of the above amendments to HKFRSs and HKAS 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.

New and revised HKFRSs in issue 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:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[2]

[1] Effective for annual periods beginning on or after 1 January 2018.

[2] Effective for annual periods beginning on or after 1 January 2019.

[3] Effective for annual periods beginning on or after a date to be determined.

[4] Effective for annual periods beginning on or after 1 January 2021.

Except for the new and amendments to HKFRSs and Interpretations mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs and Interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 9 "Financial Instruments"

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be 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 subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other financial assets are measured at their fair value at subsequent accounting 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.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 March 2018, the directors of the Company anticipate the following potential impact on initial application of HKFRS 9:

Classification and measurement:

- Listed debt instruments classified as available-for-sale investments carried at fair value as disclosed in note 7: these are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the listed debt instruments in the open market, and the contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal outstanding. Accordingly, the listed debt instruments will continue to be subsequently measured at FVTOCI upon the application of HKFRS 9, and the fair value gains or losses accumulated in the investments revaluation reserve will continue to be subsequently reclassified to profit or loss when the listed debentures are derecognised or reclassified;

- Listed equity securities classified as available-for-sale investments carried at fair value as disclosed in note 7: these securities qualified for designation as measured at FVTOCI under HKFRS 9, however, the fair value gains or losses accumulated in the investments revaluation reserve amounting to HK$327,000 as at 1 April 2018 will no longer be subsequently reclassified to profit or loss under HKFRS 9, which is different from the current treatment. This will affect the amounts recognised in the Group's profit or loss and other comprehensive income but will not affect total comprehensive income.

- All other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

Impairment

In general, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by Group as at 1 April 2018 would not be materially different compared with the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade and other receivables.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2018, the Group has non-cancellable operating lease commitments of HK$48,460,000 as disclosed in note 10. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK$5,330,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received or 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 revenue for both years and non-current assets are either derived from or located in Hong Kong, an analysis of the consolidated revenue 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

	2018	2017
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Directors' emoluments	**5,820**	4,813
Other staff costs, including retirement benefits costs	**29,118**	28,842
Total staff costs	**34,938**	33,655
Auditor's remuneration	**430**	410
Net exchange (gain) loss included in other operating expenses	**(205)**	671
Interest income from:		
– Available-for-sale investments	**(123)**	(163)
– Others	**(1,107)**	(1,190)
Reversal of impairment loss on available-for-sale debt investment	**(114)**	–

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 and diluted loss per share is based on the following data:

	2018	2017
	HK$'000	*HK$'000*
Loss for the year	**(8,945)**	(9,008)

	Number of shares	
	2018	2017
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	**1,946,314,108**	1,946,314,108

The calculation of diluted loss per share for both years does not assume the exercise of share options as their assumed exercise would result in a decrease in loss per share.

7. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2018	2017
	HK$'000	*HK$'000*
At fair value:		
Equity securities listed in Hong Kong	**1,525**	1,198
Debt securities listed in Hong Kong *(note)*	**1,225**	3,309
	2,750	4,507
Analysed for reporting purposes as		
Current assets	**2,750**	3,397
Non-current assets	**–**	1,110
	2,750	4,507

Note: The Group holds listed redeemable note with fixed interest at 4.200% (2017: 4.200% to 4.800%) per annum. The note is redeemable at par value in November 2018 (2017: from April 2017 to November 2018). The Group holds no collateral over this balance.

8. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables of HK$799,000 (2017: HK$463,000). 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:

	2018	2017
	HK$'000	*HK$'000*
0 – 60 days	**799**	453
61 – 90 days	**–**	10
	799	463

Management has delegated a team responsible for assessing the potential customer's credit quality and defining 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% (2017: 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.

9. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK$2,769,000 (2017: HK$2,377,000). The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2018	2017
	HK$'000	*HK$'000*
0 – 60 days	**2,712**	2,367
More than 60 days	**57**	10
	2,769	2,377

10 OPERATING LEASE ARRANGEMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases for premises which fall due as follows:

	2018	2017
	HK$'000	*HK$'000*
Within one year	**18,284**	12,555
In the second to fifth year inclusive	**30,176**	–
	48,460	12,555

Operating lease payments mainly represent rental payable by the Group for its office, restaurants and staff accommodation. Leases are negotiated for an average term of one to three years (2017: one to three years).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the year ended 31 March 2018, the Group recorded consolidated revenue of approximately HK$86.9 million, representing a decrease of 1.6% from previous year's revenue of approximately HK$88.3 million.

The Group recorded a net loss of approximately HK$8.9 million for the year under review compared to a net loss of approximately HK$9.0 million for the previous year.

Business Review

For the restaurant operation, excluding the loss in revenue during the three weeks renovation period of the Tsim Sha Tsui branch in April 2017, the overall performance was on previous year's level and there was a slight improvement in the gross profit margin by 0.4%.

The Group's result was negatively impacted by the loss in revenue during the renovation period which resulted in a loss of profit margin of approximately HK$1.0 million and an increase in repair and maintenance costs of approximately HK$0.5 million. The net loss for the Group had improved by approximately HK$0.1 million for the year under review.

The increase in staff costs by approximately HK$1.3 million was mainly attributable to the 30,000,000 share options granted to the Group's directors on 23 October 2017. The fair value of the stock options amounted to approximately HK$2.9 million, of which approximately HK$1.5 million was recognised as share-based payment staff expenses for the year ended 31 March 2018 in accordance with the vesting conditions of the stock options granted.

The positive impact from the foreign exchange movement of approximately HK$0.2 million; the reversal of the impairment losses of approximately HK$0.1 million for the Group's available-for-sale investments as well as the decrease in rental costs of approximately HK$0.6 million all contributed to the reduction in net loss for the Group.

Outlook

The restaurant business will continue to serve as our core operation. However, the operating environment for the Group's restaurant operation still remains challenging. The Group will continue to monitor its operating costs cautiously given the higher rentals and increasing food and staff costs. The Group reviews and revises its business strategies on a regular basis with the aim to better position itself 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$88.6 million as at 31 March 2018. As the Group had no bank borrowings, the Group's gearing ratio was zero as at 31 March 2018 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

As at 31 March 2018, the Group had approximately 157 staff. Total staff costs including directors' emoluments amounted to approximately HK$34.9 million (31 March 2017: HK$33.7 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 of directors has resolved not to recommend the payment of any final dividend for the year ended 31 March 2018 (2017: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 3 August 2018 to Wednesday 8 August 2018 (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 4:30p.m. on Thursday, 2 August 2018.

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 2018 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 which comprises the three INEDs of the Company has reviewed with management and the auditor financial reporting matters including the consolidated financial statements for the year ended 31 March 2018.

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 2018.

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 of Hong Kong Limited (www.hkex.com.hk). The Company's annual report 2017/2018 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, 22 June 2018

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; and Mr. Leung Tai Chiu, Mr. Law Toe Ming and Mr. Mark Yiu Tong, William as independent non-executive directors.