SUN HING VISION GROUP HOLDINGS LIMITED
新興光學集團控股有限公司

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新興光學集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 125)

RESULTS ANNOUNCEMENT
FINANCIAL YEAR ENDED 31 MARCH 2013

The board (the "Board") of directors (the "Directors") of Sun Hing Vision Group Holdings Limited (the "Company") is pleased to announce the results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2013.

RESULTS

Business environment continued to be challenging during the year under review, and as a result the Group's financial performance was adversely affected. For the year ended 31 March 2013, the Group recorded a slight increase in turnover by 0.83% to HK$1,165 million (2012: HK$1,155 million). However, net profit of the Group decreased by 36.37% to HK$53 million (2012: HK$83 million). Accordingly, basic earnings per share decreased by 37.5% to HK20 cents (2012: HK32 cents).

* *For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2013

	NOTES	**2013** *HK$'000*	2012 *HK$'000*
Revenue	*3*	**1,164,777**	1,155,145
Cost of sales		**(951,784)**	(919,864)
Gross profit		**212,993**	235,281
Other income, gains and losses	*4*	**(4,409)**	134
Selling and distribution costs		**(22,559)**	(15,169)
Administrative expenses		**(125,397)**	(126,608)
Profit before tax		**60,628**	93,638
Income tax expense	*5*	**(7,583)**	(10,279)
Profit for the year attributable to owners of the Company	*6*	**53,045**	83,359
Other comprehensive income			
Surplus on revaluation of leasehold land and buildings		**10,340**	2,790
Deferred tax charge arising on revaluation of leasehold land and buildings		**(1,706)**	(459)
Exchange difference arising on translation of foreign operations		**241**	–
Other comprehensive income for the year		**8,875**	2,331
Total comprehensive income attributable to owners of the Company for the year		**61,920**	85,690
Earnings per share	*8*		
Basic		**HK20 cents**	HK32 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2013

	NOTES	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**302,620**	288,259
Prepaid lease payments		**3,496**	3,588
Deposit paid for acquisition of property, plant and equipment		**3,091**	2,658
		309,207	294,505
CURRENT ASSETS			
Inventories		**183,177**	161,914
Trade and other receivables	*9*	**320,356**	294,536
Prepaid lease payments		**91**	91
Derivative financial instruments		**455**	–
Tax recoverable		**2,429**	–
Bank balances and cash		**351,960**	366,405
		858,468	822,946
CURRENT LIABILITIES			
Trade and other payables	*10*	**219,793**	184,120
Tax payable		**3,011**	2,748
		222,804	186,868
NET CURRENT ASSETS		**635,664**	636,078
		944,871	930,583
CAPITAL AND RESERVES			
Share capital		**26,278**	26,278
Share premium and reserves		**915,114**	901,808
		941,392	928,086
NON-CURRENT LIABILITY			
Deferred tax liabilities		**3,479**	2,497
		944,871	930,583

Notes:

1. SIGNIFICANT ACCOUNTING POLICIES

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 (the "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 certain leasehold land and buildings and financial instruments that are measured at revalued amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

2. APPLICATION OF NEW AND REVISED HKFRSs

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA.

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Asset; and
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets

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

New and revised HKFRSs issued 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:

Amendments to HKFRS	Annual Improvements to HKFRSs 2009-2011 Cycle[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

1 Effective for annual periods beginning on or after 1 January 2013
2 Effective for annual periods beginning on or after 1 January 2014
3 Effective for annual periods beginning on or after 1 January 2015
4 Effective for annual periods beginning on or after 1 July 2012

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" 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. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting 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.

The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors of the Company anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for the financial year ending 31 March 2016 and the adoption is not expected to have material impact on the consolidated financial statements.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK (SIC) – Int 12 "Consolidation – Special Purpose Entities". HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

The package of five standards, together with the amendments relating to the transitional guidance, will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013. The directors anticipated that the application of these standards will have no material impact on consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial Instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and the directors anticipated that the application of the new standard will not have material impact on the amounts reported in the consolidated financial statements, but will result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the statement of comprehensive income. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied by the Group in the annual period beginning 1 April 2013.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. SEGMENT INFORMATION

Whilst the chief operating decision maker, the Company's executive directors, regularly reviews revenue by geographical location of customers, information about profit or loss by geographical location of customers is not provided to the executive directors for their review. Financial information reported to the executive directors for the purposes of resource allocation and performance assessment focuses on the consolidated gross profit analysis of the business of manufacturing and trading of eyewear products of the Group as a whole.

As a result, there is only one operating segment for the Group, which is manufacturing and trading of eyewear products. Financial information regarding this segment can be made by reference to the consolidated statement of comprehensive income.

The Group's revenue is arising from manufacturing and sales of eyewear products.

Geographical information

The Group's operations are located in Hong Kong and the Guangdong Province in the People's Republic of China (the "PRC"). The Group's information about its revenue from external customers analysed by place of domicile of the relevant group entity and other places are detailed below:

	Revenue from external customers	
	2013	2012
	HK$'000	*HK$'000*
Place of domicile of the relevant group entity:		
– Hong Kong	**33,005**	38,634
Other places:		
– Italy	**457,784**	441,034
– United States	**420,111**	377,140
– Other countries	**253,877**	298,337
	1,164,777	1,155,145

4. OTHER INCOME, GAINS AND LOSSES

	2013	2012
	HK$'000	*HK$'000*
Bank interest income	**3,583**	3,850
Impairment losses recognised on trade receivables	**(3,712)**	(52)
Net foreign exchange losses	**(6,617)**	(4,099)
Gain on disposals of property, plant and equipment	**688**	20
Fair value changes on derivative financial instruments	**455**	–
Others	**1,194**	415
	(4,409)	134

5. INCOME TAX EXPENSE

	2013 HK$'000	2012 HK$'000
The charge comprises:		
Current tax		
– Hong Kong Profits Tax	**5,452**	10,504
– PRC Enterprise Income Tax ("EIT")	**2,879**	1,001
	8,331	11,505
Overprovision in respect of prior years		
– Hong Kong Profits Tax	**(24)**	(13)
	8,307	11,492
Deferred taxation		
– Current year	**(724)**	(1,213)
	7,583	10,279

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

PRC EIT is calculated at the rates in accordance with the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law.

6. PROFIT FOR THE YEAR

	2013 HK$'000	2012 HK$'000
Profit for the year has been arrived at after charging:		
Auditor's remuneration	**1,320**	1,360
Cost of inventories recognised as expense (inclusive of allowance for inventories of approximately HK$10,100,000 (2012: HK$8,036,000))	**951,784**	919,864
Depreciation of property, plant and equipment	**53,426**	56,371
Release of prepaid lease payments	**92**	92
Staff cost		
– directors' emoluments	**4,772**	5,334
– other staff costs, comprising mainly salaries	**385,667**	373,833
– retirement benefit scheme contribution excluding those of directors'	**23,372**	22,671
	413,811	401,838

7. DIVIDENDS

	2013 HK$'000	2012 HK$'000
Dividends recognised as distribution during the year:		
Final, paid – HK10.0 cents per share for 2012 (2012: HK10.0 cents per share for 2011)	**26,278**	26,278
Special final, paid – HK3.0 cents per share for 2012 (2012: HK3.0 cents per share for 2011)	**7,883**	7,883
Interim, paid – HK4.5 cents per share for 2013 (2012: HK4.5 cents per share for 2012)	**11,825**	11,825
Special interim, paid – HK1.0 cent per share for 2013 (2012: HK2.8 cents per share for 2012)	**2,628**	7,358
	48,614	53,344

A final dividend of HK10.0 cents (2012: HK10.0 cents) per share in total of HK$26,278,000 (2012: HK$26,278,000) and a special final dividend of HK1.0 cent (2012: HK3.0 cents) per share in total of HK$2,628,000 (2012: HK$7,883,000) in respect of the year ended 31 March 2013 have been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2013	2012
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic earnings per share	**53,045**	83,359
Number of shares		
Number of ordinary shares for the purposes of basic earnings per share	**262,778,286**	262,778,286

Diluted earnings per share is not presented for the year ended 31 March 2013 and 2012 as there was no potential ordinary share outstanding during both years.

9. TRADE AND OTHER RECEIVABLES

The Group allows a credit period of 30 to 120 days to its customers. The following is an aged analysis of trade receivables based on payment due date net of allowance for doubtful debt at the end of the reporting period:

	2013	2012
	HK$'000	*HK$'000*
Trade receivables		
Current	**272,055**	257,841
Overdue up to 90 days	**21,970**	26,385
Overdue more than 90 days	**9,945**	2,645
	303,970	286,871
Prepayments	**4,630**	3,272
Deposits	**6,635**	3,435
Other receivables	**5,121**	958
Trade and other receivables	**320,356**	294,536

10. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables based on payment due date at the end of the reporting period:

	2013	2012
	HK$'000	*HK$'000*
Trade payables		
Current and overdue up to 90 days	**140,940**	118,386
Overdue more than 90 days	**5,209**	2,359
	146,149	120,745
Accruals	**66,015**	55,793
Other payables	**7,629**	7,582
Trade and other payables	**219,793**	184,120

DIVIDENDS

The Directors have resolved to recommend at the forthcoming annual general meeting a final dividend of HK10.0 cents per share and a final special dividend of HK1.0 cent per share for the year ended 31 March 2013, to the shareholders whose names appear in the register of members of the Company at the close of business on 4 September 2013. This final and final special dividend, together with the interim and interim special dividend of HK5.5 cents per share already paid, will make a total distribution of HK16.5 cents per share for the full year. The final dividend and final special dividend are expected to be paid on or about 19 September 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 20 August 2013 to 23 August 2013 (both days inclusive) and from 30 August 2013 to 4 September 2013 (both days inclusive), during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Union Registrars Limited, 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong ("Hong Kong Share Registrar") not later than 4:00 p.m. on 19 August 2013. In order to qualify for the proposed final dividend and final special dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong Share Registrar not later than 4:00 p.m on 29 August 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Global economy remained weak and sluggish. The progress of economic recovery fell short of expectation and the world's major markets were still clouded by uncertainty. Despite such an unfavorable economic background, the Group was still able to maintain a stable operating revenue. For the year ended 31 March 2013, the Group's consolidated turnover slightly increased by 0.83% to HK$1,165 million (2012: HK$1,155 million). The Group's turnover for both of its original design manufacturing ("ODM") business and branded eyewear distribution business accounted for about 87% and 13% of the Group's consolidated turnover respectively.

During the year under review, the Group was continuously affected by the rising labor costs in China and the appreciation of Renminbi. To alleviate the cost pressure, the Group introduced all-rounded measures to tighten its cost control and improve its operating efficiency, but the positive effects of those measures could not offset the negative impacts from rising costs. As a result, the Group recorded a decline in both gross profit and net profit as compared to that of last fiscal year. Gross profit margin and net profit margin decreased from 20.37% to 18.29% and from 7.22% to 4.55% respectively.

The ODM Business

The Group recorded an increase in ODM turnover by 4.97% to HK$1,013 million (2012: HK$965 million) during the year under review. Business sentiment of the world's major consumer markets slightly improved in the second half of the reporting fiscal year and the Group received plenty of replenishment orders during such period from its customers. Europe and United States continued to be the two largest markets of the Group's ODM business and accounted for 55% and 41% of the Group's ODM turnover respectively. During the year under review, the Group's ODM turnover to Europe and the United States increased by 2.95% to HK$559 million (2012: HK$543 million) and increased by 11.41% to HK$420 million (2012: HK$377 million) respectively. However, the Group is still cautious about the general consumer market because the global economy will remain fragile and the progress of recovery will still be slow. In terms of product mix, sales of plastic frames, metal frames and others accounted for 52%, 47% and 1% (2012: 47%, 52% and 1%) of the Group's ODM turnover respectively. The Group observed a persistent increasing demand for plastic frames, and has responsively adjusted its production capacity to capture this rising trend.

The Branded Eyewear Distribution Business

Market demand for the Group's branded eyewear products remained weak due to the slower consumer market in Asia. For the year ended 31 March 2013, turnover contributed by the Group's branded eyewear distribution business decreased by 20.00% to HK$152 million (2012: HK$190 million). Asia continued to be the largest market of the Group's distribution business and accounted for 84% of the total distribution turnover. As a result of the poor market sentiment, turnover from the Asian market decreased by 20.50% to HK$128 million (2012: HK$161 million). Customers of the Group held a cautious view on the market and further carried out exercises to reduce their inventory level in response to the uncertain market demand. Besides, the restructuring of the Group's distribution channels in certain countries during the year under review also adversely affected the turnover performance.

LIQUIDITY AND CAPITAL RESOURCES

The Group continued to maintain a strong liquidity and financial position. It held a cash and bank balance of HK$352 million as at 31 March 2013 and did not have any bank borrowings throughout the year. Net cash inflow from operations amounted to HK$88 million during the reporting fiscal year. The Group will continue to adopt a prudent approach to manage its cash flows, without compromising the needs for investing in carefully selected assets that will enhance the Group's productivity.

Given the Group's strong cash position, the Directors have again resolved to declare a final special dividend of HK1.0 cent per share on the top of the final dividend of HK10.0 cents per share for the year ended 31 March 2013. The Directors will continue to monitor the dividend policy closely to ensure that an optimal balance can be achieved between the retention of sufficient liquidity in the Group to prepare for the uncertainty ahead and the distribution of earnings to the shareholders respectively.

As at 31 March 2013, the net current assets and current ratio of the Group were approximately HK$636 million and 3.9:1 respectively. The total shareholders' equity of the Group increased to HK$941 million as at 31 March 2013 from HK$928 million as at 31 March 2012 after the payment of dividends during the year. The Group adopted a responsive but yet prudent approach to manage its receivables and inventories. Debtor turnover period and inventory turnover period were 95 days and 70 days respectively. The Directors are confident that the financial position of the Group will remain strong, and the Group has sufficient liquidity and financial resources to meet its present commitments and future business plans.

PROSPECTS

The business environment is expected to be volatile in the years to come. On the demand side, the consumer confidence is still weak, which makes the market demand highly uncertain. The pace for economic recovery is slow and it is expected that it takes time for the growth momentum of economy to be fully restored. On the cost side, labor costs in China are expected to continue to rise, as a result of Chinese government's effort to improve living standard of general workforce to support its long-term strategy to transform its economy to be more consumption-oriented. Renminbi is likely to continue to appreciate in the near future and that will certainly exert additional cost pressure on the Group.

In order to cope with the challenging business environment, the Group will continue to carry out all-rounded projects to streamline its production. Dedicated cross-functional teams have been formed to perform detailed review on the Group's major production processes, with an aim to explore room for efficiency enhancement. The Group will further strengthen its bond with the major suppliers. The Group closely monitors the material price trend and actively seeks new sourcing channels to enhance purchase effectiveness. Expenditures are tightly controlled, but the Group will still continue to invest in assets that help to automate production, improve product quality and increase efficiency. To weather the volatile market demand, the Group will maintain a flexible production capacity so as to make the Group be responsive to any possible change in product mix and order volume.

The Group has a strong customer base for both of its ODM business and branded eyewear distribution business. It will continuously strengthen its relationship with customers by delivering them excellent services and products. Meanwhile, the Group will further explore new market channels and widen its product horizon. During the year under review, the Group further increased its presence in the Chinese market through its own wholesale network in China. The Group will continuously strengthen its brand portfolio. Some of the Group's branded products will be repositioned and tailored for specific markets to increase product uniqueness. At the same time, the Group is actively seeking licensing opportunities for new prominent brands to enrich its brand portfolio.

The Group has a sound foundation, supported by its strong balance sheet, stable cash flow and low gearing position. The Group also has an experienced management team, responsive workforce, edge-cutting knowledge on the market and production, creative design capacity and efficient operating system. Levering on all these assets as mentioned above and the actions that we are going to take, we are confident to overcome the challenges, create long-term value for our shareholders and deliver the objective of achieving sustainable growth in long run.

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance with a view to enhancing the management of the Company as well as to preserve the interests of the shareholders as a whole. The Board has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 of the Listing Rules, except for the deviation from code provision A.2.1 of the CG Code. During the year under review, the Company has complied with the CG Code, except for the deviations from code provisions A2.1 and A6.7 of the CG Code as mentioned below:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Mr. Ku Ngai Yung, Otis has been assuming the roles of both the chairman and chief executive officer of the Company since its establishment. The Board intends to maintain this structure in the future as it believes that it would provide the Group with strong and consistent leadership and allow the Group's business operations, planning and decision making as well as execution of long-term business strategies to be carried out more effectively and efficiently. The Board would review and monitor the situation on a regular basis and would ensure that the present structure would not impair the balance of power in the Company.

Code provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors, as equal board members, should attend general meetings. The former non-executive director of the Company did not attend the annual general meeting of the Company held on 24 August 2012 due to other commitment.

AUDIT COMMITTEE

An audit committee (the "Audit Committee") has been established by the Company with written terms of reference to act in an advisory capacity and to make recommendations to the Board. The members of the Audit Committee comprise the three independent non-executive Directors, who are Mr. Lo Wa Kei, Roy (Chairman), Mr. Lee Kwong Yiu and Mr. Wong Che Man, Eddy. The Audit Committee has adopted the principles set out in the CG Code. The duties of the Audit Committee include, inter alia, review of the interim and annual reports of the Group as well as various auditing, financial reporting and internal control matters with the management and/or external auditor of the Company. The Group's consolidated financial statements for the year ended 31 March 2013 have been reviewed by the Audit Committee and audited by the Company's external auditor, Messrs. Deloitte Touche Tohmatsu.

REMUNERATION COMMITTEE

A remuneration committee (the "Remuneration Committee") was established by the Company with written terms of reference and currently comprises Mr. Lee Kwong Yiu (Chairman), Mr. Lo Wa Kei, Roy and Mr. Wong Che Man, Eddy, all of whom are independent non-executive Directors of the Company, as well as the human resources manager of the Group. The duties of the Remuneration Committee include, inter alia, making recommendations to the Board on the remuneration of executive Directors and senior management and review of the remuneration policy of the Group.

NOMINATION COMMITTEE

A nomination committee (the "Nomination Committee") was established by the Company with written terms of reference. The Nomination Committee currently comprises Mr. Wong Che Man, Eddy (Chairman), Mr. Lo Wa Kei, Roy and Mr. Lee Kwong Yiu, all of whom are independent non-executive Directors of the Company, as well as the human resources manager of the Group. The duties of the Nomination Committee include, inter alia, review of the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions (the "Code"). Having made specific enquiry of all Directors, the Directors confirmed that they had complied with the required standard set out in the Code throughout the year ended 31 March 2013.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year under review, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2013 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This final results announcement is published on the websites of the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The annual report for the year ended 31 March 2013 will be dispatched to the shareholders of the Company and published on the websites of the Company and the Stock Exchange in due course.

APPRECIATION

On behalf of the Board, we would like to thank our customers for their support during the year. We would also like to express our sincere appreciation to our shareholders, staffs, suppliers and bankers for their efforts and commitments.

By order of the Board
Ku Ka Yung
Deputy Chairman

Hong Kong, 24 June 2013

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Ku Ngai Yung, Otis, Mr. Ku Ka Yung, Mr. Tsang Wing Leung, Jimson, Mr. Chan Chi Sun and Ms. Ma Sau Ching, and three independent non-executive directors, namely Mr. Lo Wa Kei, Roy, Mr. Lee Kwong Yiu and Mr. Wong Che Man, Eddy.