ELEGANCE OPTICAL INTERNATIONAL HOLDINGS LIMITED
高雅光學國際集團有限公司

(Incorporated in Bermuda with limited liability)
(website: http://www.elegance-group.com)
(Stock Code: 907)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2015

The board of directors (the "Board") of Elegance Optical International Holdings Limited (the "Company") is pleased to announce the consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2015 together with the comparative figures for 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 March 2015

	Notes	**2015** **HK$'000**	2014 HK$'000 (Restated)
REVENUE	5	**261,682**	377,200
Cost of sales		**(272,308)**	(374,632)
Gross profit/(loss)		**(10,626)**	2,568
Other income	5	**1,912**	1,344
Selling and distribution expenses		**(5,514)**	(9,701)
Administrative expenses		**(65,435)**	(62,003)
Other operating expenses, net	6	**(8,542)**	(2,461)
Finance costs	7	**(215)**	(3)
Share of profits and losses of:			
A joint venture		**181**	60
An associate		**–**	(793)
LOSS BEFORE TAX	6	**(88,239)**	(70,989)
Income tax credit	8	**553**	11
LOSS FOR THE YEAR		**(87,686)**	(70,978)
Attributable to:			
Owners of the Company		**(84,230)**	(68,300)
Non-controlling interests		**(3,456)**	(2,678)
		(87,686)	(70,978)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	10	**HK(26.03) cents**	HK(21.10) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2015

	2015 HK$'000	2014 HK$'000
LOSS FOR THE YEAR	**(87,686)**	(70,978)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Change in fair value of an available-for-sale financial asset	**–**	(120)
Reclassification adjustments for impairment losses of an available-for-sale financial asset included in the statement of profit or loss	**250**	–
Share of exchange differences on translation of a joint venture	**–**	(1)
Share of exchange differences on translation of an associate	**–**	(11)
Exchange differences on translation of foreign operations	**39**	52
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	**289**	(80)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gain on property revaluation	**85,140**	9,910
Deferred tax effect	**(7,325)**	–
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**77,815**	9,910
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**78,104**	9,830
TOTAL COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(9,582)**	(61,148)
Attributable to:		
Owners of the Company	**(9,780)**	(58,485)
Non-controlling interests	**198**	(2,663)
	(9,582)	(61,148)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**173,429**	201,998
Investment properties		**120,678**	19,600
Prepaid land lease payments		**12,865**	14,327
Investments in a joint venture		**4,275**	4,094
Investment in an associate		**–**	–
Available-for-sale financial asset		**320**	400
Deposits paid for items of property, plant and equipment		**–**	130
Total non-current assets		**311,567**	240,549
CURRENT ASSETS			
Inventories		**49,076**	68,230
Loan to a joint venture		**219**	668
Trade receivables	11	**42,761**	75,872
Prepayments, deposits and other receivables		**4,747**	4,615
Equity investments at fair value through profit or loss		**83**	68
Tax recoverable		**80**	56
Cash and cash equivalents		**40,985**	42,342
Total current assets		**137,951**	191,851
CURRENT LIABILITIES			
Trade payables	12	**18,546**	27,627
Other payables and accruals		**21,257**	27,162
Derivative financial instrument		**1,866**	1,044
Interest-bearing bank borrowings, secured		**35,880**	–
Tax payable		**1,711**	2,714
Total current liabilities		**79,260**	58,547
NET CURRENT ASSETS		**58,691**	133,304
TOTAL ASSETS LESS CURRENT LIABILITIES		**370,258**	373,853
NON-CURRENT LIABILITIES			
Derivative financial instrument		**–**	1,495
Deferred tax liabilities		**8,462**	980
Total non-current liabilities		**8,462**	2,475
Net assets		**361,796**	371,378
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**32,365**	32,365
Reserves		**320,427**	330,207
		352,792	362,572
Non-controlling interests		**9,004**	8,806
Total equity		**361,796**	371,378

Notes:

1. CORPORATE AND GROUP INFORMATION

Elegance Optical International Holdings Limited is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

During the year, the Company was engaged in investment holding and the Group was engaged in the manufacture and trading of optical frames and sunglasses and property investment.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, which, because the Company has not early adopted the revised Listing Rules issued by the Hong Kong Stock Exchange, are those of the predecessor Hong Kong Companies Ordinance (Cap.32). They have been prepared under the historical cost convention, except for investment properties, a derivative financial instrument and equity investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendments to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendments to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendments to HKFRS 13 included in Annual Improvements *2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendments to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

1 Effective from 1 July 2014

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(c) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments have had no impact on the financial position or performance of the Group.

(d) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(e) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 Provisions, Contingent Liabilities and Contingent Assets which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.

(f) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(g) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(h) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) the manufacturing and trading segment engaged in manufacture and trading of optical frames and sunglasses; and

(b) the property investment segment engaged in leasing of properties for rental income.

In the previous year, the Group had one reportable segment which is the manufacturing and trading of sunglasses. As a result of an increasing amount of rental income received by the Group during the year, the Group has reassessed the operating performance which resulted in one new operating segment. Prior period comparative segment information were restated accordingly. The comparative segment information on segment assets and liabilities was restated to incorporate the changes in the presentation of operating segments disclosure in accordance with HKAS 1 "*Presentation of Financial Statement*".

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, dividend income from an available-for-sale financial asset, fair value gains/(losses) from the Group's financial instruments, impairment of an available-for-sale financial asset as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude tax recoverable, cash and cash equivalents, equity investments at fair value through profit or loss, available-for-sale financial asset, investments in and loan to a joint venture and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instrument, interest-bearing bank borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

	Manufacturing and trading *HK$'000*	**Property investment** *HK$'000*	**Total** *HK$'000*
Year ended 31 March 2015			
Segment revenue:			
Revenue from external customers	**259,848**	**1,834**	**261,682**
Segment results	**(91,765)**	**2,923**	**(88,842)**
Reconciliation:			
Bank interest income			**456**
Dividend income and unallocated gains			**692**
Corporate and other unallocated expenses			**(330)**
Finance costs			**(215)**
Loss before tax			**(88,239)**
Segment assets	**282,878**	**120,678**	**403,556**
Reconciliation:			
Corporate and other unallocated assets			**45,962**
Total assets			**449,518**
Segment liabilities	**39,421**	**382**	**39,803**
Reconciliation:			
Corporate and other unallocated liabilities			**47,919**
Total liabilities			**87,722**

	Manufacturing and trading *HK$'000* (Restated)	Property investment *HK$'000* (Restated)	Total *HK$'000* (Restated)
Year ended 31 March 2014			
Segment revenue:			
Revenue from external customers	376,318	882	377,200
Segment results	(69,716)	962	(68,754)
Reconciliation:			
Bank interest income			299
Dividend income and unallocated gains			8
Corporate and other unallocated expenses			(2,539)
Finance costs			(3)
Loss before tax			(70,989)
Segment assets	365,172	19,600	384,772
Reconciliation:			
Corporate and other unallocated assets			47,628
Total assets			432,400
Segment liabilities	54,547	242	54,789
Reconciliation:			
Corporate and other unallocated liabilities			6,233
Total liabilities			61,022

Geographical information

(a) Revenue from external customers

	2015 *HK$'000*	2014 *HK$'000* (Restated)
Europe	**131,524**	225,292
North America	**97,814**	111,032
The People's Republic of China (the "PRC") (including Hong Kong)	**21,245**	24,500
Other Asian countries	**6,868**	14,492
Others	**4,231**	1,884
	261,682	377,200

The revenue information above is based on the locations of the customers. The PRC (including Hong Kong) segment mainly represents rental income from leases located in the PRC (including Hong Kong) and the sales of eyewear products to agents located in Hong Kong, but also includes sales made to local retailers. The directors believe that the agents in Hong Kong export most of the Group's products to Europe, North America and South America.

(b) *Non-current assets*

All significant operating assets of the Group are located in the PRC. Accordingly, no geographical information of segment assets is presented.

Information about a major customer

Revenue of approximately HK$52,143,000 (2014: HK$93,955,000) was derived from sales to a single customer, including sales to a group of entities which are known to be under common control with that customer.

5. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of the Group's revenue and other income is as follows:

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Revenue:		
Sale of goods	**259,848**	376,318
Rental income	**1,834**	882
	261,682	377,200
Other income:		
Sale of scrap materials	**192**	620
Bank interest income	**456**	299
Dividend income from equity investments at fair value through profit or loss	**4**	3
Government grants	**132**	–
Others	**1,128**	422
	1,912	1,344

As further explained in note 4 to the financial statements, rental income of HK$882,000 for the year ended 31 March 2014 was reclassified from other income to revenue as property investment was considered by management to be a principal activity of the Group during the year.

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2015	2014
	HK$'000	*HK$'000*
Cost of inventories sold*	**267,409**	373,197
Depreciation	**24,015**	25,998
Amortisation of prepaid land lease payments	**411**	421
Auditors' remuneration	**950**	920
Minimum lease payments under operating leases in respect of land and buildings	**1,824**	1,823
Employee benefit expense (excluding directors' and chief executive's remuneration)		
Wages and salaries	**134,681**	172,749
Pension scheme contributions**	**1,514**	1,341
	136,195	174,090
Gross and net rental income	**(1,834)**	(882)
Less: direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**311**	–
Net rental income	**(1,523)**	(882)
Provision for inventory obsolescence*	**4,899**	1,435
Foreign exchange differences, net	**4,367**	5,081
Other operating expenses, net:		
Impairment of trade receivables	**10,284**	–
Loss on disposal of items of property, plant and equipment	**54**	127
Fair value losses/(gains), net:		
Equity investments at fair value through profit or loss – held for trading	**(15)**	(5)
Derivative financial instrument	**(673)**	2,539
Changes in fair value of investment properties	**(1,400)**	(200)
Impairment loss on an available-for-sale financial asset	**330**	–
Others	**(38)**	–
	8,542	2,461

* Included in "cost of sales" on the face of the consolidated statement of profit or loss.

** At the end of the reporting period, the Group had no forfeited pension scheme contributions available to reduce its contributions to the pension schemes in future years (2014: Nil).

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2015	2014
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts	**215**	3

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2015	2014
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**–**	19
Underprovision in prior years	**52**	32
Current – Elsewhere		
Charge for the year	**135**	274
Overprovision in prior years	**(897)**	(379)
Deferred	**157**	43
Total tax credit for the year	**(553)**	(11)

A reconciliation of the tax credit applicable to loss before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax credit at the effective tax rates is as follows:

	Hong Kong	**Mainland China**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Group – 2015			
Loss before tax	**(22,577)**	**(65,662)**	**(88,239)**
Tax at the statutory tax rate	**(3,725)**	**(16,416)**	**(20,141)**
Adjustments in respect of current tax of previous periods	**52**	**(897)**	**(845)**
Profits and losses attributable to a joint venture and an associate	**–**	**(45)**	**(45)**
Income not subject to tax	**(261)**	**(237)**	**(498)**
Expenses not deductible for tax	**2,881**	**16,881**	**19,762**
Estimated tax losses not recognised	**1,269**	**–**	**1,269**
Others	**(7)**	**(48)**	**(55)**
Tax expense/(credit) at the Group's effective rate	**209**	**(762)**	**(553)**

	Hong Kong	Mainland China	Total
	HK$'000	*HK$'000*	*HK$'000*
Group – 2014			
Loss before tax	(18,800)	(52,189)	(70,989)
Tax at the statutory tax rate	(3,102)	(13,047)	(16,149)
Adjustments in respect of current tax of previous periods	32	(379)	(347)
Profits and losses attributable to joint ventures and an associate	131	(15)	116
Income not subject to tax	(44)	–	(44)
Expenses not deductible for tax	372	13,145	13,517
Estimated tax losses not recognised	2,252	–	2,252
Others	453	191	644
Tax expense/(credit) at the Group's effective rate	94	(105)	(11)

9. DIVIDEND

The Board does not recommend payment of any dividend for the year ended 31 March 2015 (2014: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share is based on the loss for the year attributable to ordinary equity holders of the Company for the year of HK$84,230,000 (2014: HK$68,300,000) and 323,649,123 (2014: 323,649,123) shares in issue.

No adjustment has been made to the basic loss per share attributable to ordinary equity holders of the Company presented for the years ended 31 March 2015 and 2014 in respect of a dilution as there were no potentially dilutive shares in issue during those years.

11. TRADE RECEIVABLES

	Group	
	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**53,589**	78,636
Impairment	**(10,828)**	(2,764)
	42,761	75,872

Credit is offered to customers following a financial assessment by the Group with regard to their established payment records. The Group usually allows average credit periods ranging from 45 to 120 days (2014: 45 to 120 days) to its customers and seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by senior management and collections are followed up by accounting personnel. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at 31 March 2015 and 2014, based on the payment due date and net of impairment of trade receivables, is as follows:

	Group	
	2015	2014
	HK$'000	*HK$'000*
Current to 90 days	**41,814**	74,618
91 to 180 days	**178**	160
181 to 360 days	**769**	940
Over 360 days	**–**	154
	42,761	75,872

The movements in the provision for impairment of trade receivables are as follows:

	Group	
	2015	2014
	HK$'000	*HK$'000*
At beginning of the year	**2,764**	2,764
Amount written off as uncollectible	**(2,220)**	–
Impairment losses recognised (note 6)	**10,284**	–
At 31 March	**10,828**	2,764

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$10,828,000 (2014: HK$2,764,000) with a carrying amount before provision of HK$10,828,000 (2014: HK2,831,000). The individually impaired trade receivables relate to customers that were in financial difficulties and only a portion of the receivables is expected to be recovered.

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Group	
	2015	2014
	HK$'000	*HK$'000*
Neither past due nor impaired	**37,989**	63,894
Less than one month past due	**3,692**	7,369
One to three months past due	**133**	3,355
Over three months past due	**947**	1,187
	42,761	75,805

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Included in the Group's trade receivables is an amount due from the Group's joint venture of HK$2,000 (2014: HK$145,000), which is repayable on similar credit terms to those offered to the major customers of the Group.

12. TRADE PAYABLES

An aged analysis of the trade payables as at 31 March 2015 and 2014, based on the payment due date, is as follows:

	Group	
	2015	2014
	HK$'000	HK$'000
Current to 90 days	**17,669**	26,244
91 to 180 days	**570**	637
181 to 360 days	**86**	326
Over 360 days	**221**	420
Total	**18,546**	27,627

Trade payables are non-interest-bearing and are normally settled on 90-day (2014: 90-day) terms.

13. COMPARATIVE AMOUNTS

As further explained in note 4 and 5, rental income of HK$882,000 for the year ended 31 March 2014 was reclassified from other income to revenue as property investment was considered by management to be a principal activity of the Group during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The loss attributable to the owners of the Company for the year ended 31 March 2015 was approximately HK$84.2 million (2014: HK$68.3 million). During the year the total sales was HK$261.7 million (2014 (Restated): HK$377.2 million).

The operating environment of the Company did not see much improvement in the period under review. Renminbi (RMB) at some parts of the financial year was very strong against the USD. Labour costs and related expenses in China which are RMB denominated also remained high. Production efficiency has yet to be improved satisfactorily during the year. All of these factors gave rise to the operating loss to the group.

With the strong intent to control cost, the Group chose to downsize the production team and to step up the monitoring effort. While cost was trimmed, the scaled down operation also resulted in a smaller output capacity. The Group always had a higher dependence on the European customers whose market has not recovered from the unsatisfactory economic situation in Europe. These two elements worked together to take a toll on our sales which decreased by roughly 30% compared with last year. The North American market performed relatively better than the European market and we could see the percentage of our sales in North America to total sales is 37.4% (2014: 29.4%) while the sales to Europe dropped from 59.7% to 50.3%.

As announced by the Company in October 2014, the demise of a major customer of us has cost the Group dearly. The Group suffered from an approximate HK$9.6 million bad debts written off which was the amount payable by this customer who we are informed is undergoing a process of compulsory liquidation. This customer at one time was a key customer of the Group and hence it hunted the sales too.

Save as aforesaid, in order to secure the effective utilization of resources, apart from certain investment properties in Hong Kong that were rented out in prior years, some of the Group's investment properties in Hong Kong and in the PRC were rented out to generate a steady monthly income to the Group since August 2014 and December 2014 respectively.

PROSPECTS

It looks like the days ahead will remain difficult. We are not seeing signs of immediate improvement to our habitat. Manufacturing setting in the mainland China for our type of light industrial goods will continue to be tough. Key European customers will still be cautious and selective in placing orders though they are also having problems of finding reliable and established suppliers. While European economies and consumer demand are weak, their quest for profit will align the European customers with the North American counterparts to put price as the foremost factor in the purchase decision process. That is not a good development trend for us. On the other hand, if the RMB picks up the upward momentum again, the Euro turns weaker or if the interest rate in the United States market starts to change course and goes higher, the effect can be damaging to the Group's business.

In response to these risks, the Group has been carrying out some internal measures. The downsized work force has relieved the Group from the heavy labour costs and the labour related expenses and enables the operation to be more manageable. The management will concentrate on improving our work efficiency and service level to the customers in return for the continuous support of our long time customers and to get more new orders. With improved utilization of the factory premises and facilities, a better economy of scale will hopefully be in sight.

The Group has since streamlined some of our work flow. The space in our Shenzhen factory set free has been rented out to earn extra income. We shall continue with the process.

To strive for breaking even financially will be the focus of the management for the short time to come. Competition will continue to be intense. Market conditions ahead are not favourable at all but the Group has a long established good reputation in the market for being technically competent and having high product quality. We shall make use of these advantages to turn around the situation.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position with cash and cash equivalents of approximately HK$41 million (2014: HK$42 million), short-term bank borrowings of approximately HK$35.9 million (2014: Nil) and the debt to equity ratio (expressed as a percentage of non-current liabilities over equity attributable to owners of the Company) is approximately 2.4% as at 31 March 2015 (2014: 0.7%). The non-current liabilities of the Group comprised only deferred taxation which amount to HK$8.5 million as at 31 March 2015 (31 March 2014: HK$1 million). The Group's equity attributable to owners of the Company as at 31 March 2015 amounted to HK$352,792,000 (31 March 2014: HK$362,572,000).

CHARGES ON GROUP'S ASSETS

At 31 March 2015, one of the Group's land and building with carrying amount and market value of approximately HK$18.7 million and HK$81.8 million respectively (2014: Nil), was pledged to a bank for a general banking facilities to an extent of HK$60 million (2014: Nil).

FOREIGN CURRENCY RISK

The Group conducts its business transactions mainly in Hong Kong dollar, RMB and USD. As the Hong Kong dollar is pegged to the USD, the Group does not foresee any material exchange risk in this respect. However, the Group is subject to certain foreign exchange impacts caused by the appreciation of RMB. The Group has entered into a forward currency contract to manage its exchange rate exposures. The management closely monitors foreign exchange exposure and will further consider hedging significant foreign currency exposure should the need arise.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At 31 March 2015, the Group had capital commitments, which were contracted but not provided for, in respect of acquisition of property, plant and equipment of HK$5,000 (31 March 2014: HK$5,000). As at 31 March 2015, the Company had contingent liabilities of HK$74,052,000 (31 March 2014: HK$74,808,000) in respect of guarantees given to banks in connection with the general banking facilities granted to its subsidiary.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2015, the Group employed 1,866 (31 March 2014: 2,657) full time employees in Mainland China and Hong Kong. Salaries, bonuses and benefits are determined with reference to market terms and performance, qualifications and experience of each individual employee, and are subject to review from time to time.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted and complied with the applicable code provisions set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited throughout the year ended 31 March 2015, except for the following deviation:

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company does not have any officer with the title "chief executive" under the Board. Mr. Hui Leung Wah assumes the role of both Chairman and Managing Director of the Company and he is in charge of the overall management of the Company. The Company does not have a separate Chairman and Managing Director as Mr. Hui currently holds both positions. The Board believes that the assumption of the roles of Chairman and Managing Director can, as far as the Group is concerned, promote the efficient formulation and implementation of the strategies of the Company, which will enable the Group to capture business opportunities efficiently and promptly. The Board also believes that through the supervision of its Board and its Independent Non-Executive Directors, a balancing mechanism is in place and operating so that the interests of the shareholders are adequately and fairly represented.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2015 have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young 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 Ernst & Young on the preliminary announcement.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares during the year ended 31 March 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct ("Code of Conduct") regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company has received confirmations from all of them that they have complied with the required standard set out in the Model Code and the Company's Code of Conduct throughout the year.

AUDIT COMMITTEE

The accounting principles and practices adopted by the Group and the annual results for the year ended 31 March 2015 have been reviewed by the audit committee, which comprises Mr. Poon Kwok Fai, Ronald, Mr. Pang Sung Yuen and Mr. Kwong Ping Man, the independent non-executive directors of the Company.

DIVIDEND

The Board does not recommend any dividend (2014: Nil) for the year ended 31 March 2015 at the forthcoming annual general meeting of the Company to be held on 28 August 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will close on Friday, 28 August 2015 (being the date of the annual general meeting of the Company) for facilitating the processing of proxy voting at the annual general meeting, during which the registration of transfers of shares will be suspended. All transfers of shares, accompanied by the relevant share certificates, must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 27 August 2015 in order to be eligible to attend and vote at the forthcoming annual general meeting of the Company.

PUBLICATION OF ANNUAL REPORT

The 2015 annual report of the Company and the notice of the annual general meeting will be despatched to the shareholders of the Company and published on the website of Hong Kong Exchanges and Clearing Limited at http://www.hkexnews.hk and the website of the Company at http://www.elegance-group.com in due course.

APPRECIATION

I would like to take this opportunity to express my deepest gratitude to all of our staff and fellow directors for their contributions, support and dedication. I would also like to thank our customers, shareholders, bankers, suppliers and other business partners for their continuous support.

On behalf of the Board
Elegance Optical International Holdings Limited
Hui Leung Wah
Chairman

Hong Kong, 26 June 2015

As at the date of this announcement, the executive directors of the Company are Mr. Hui Leung Wah, Mr. Poon Sui Hong, and Mr. Leung Shu Sum, the non-executive directors are Mr. Bonini Carlo and Mr. Grassini Andrea and the independent non-executive directors are Mr. Poon Kwok Fai, Ronald, Mr. Pang Sung Yuen and Mr. Kwong Ping Man.