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

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(Incorporated in Bermuda with limited liability)

(Stock Code: 125)

RESULTS ANNOUNCEMENT
FINANCIAL YEAR ENDED 31 MARCH 2017

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 2017.

RESULTS

During the fiscal year under review, the global economy was volatile. The Group's turnover was adversely affected by the fluctuating market demand and slightly decreased by about 1% to HK$1,067 million (2016: HK$1,078 million). Meanwhile, the profitability of the Group improved and profit attributable to owners of the Company increased by 27.89% to HK$71 million (2016: HK$55 million). Accordingly, basic earnings per share also increased to HK27 cents (2016: HK21 cents).

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	NOTES	2017 HK$'000	2016 HK$'000
Revenue	3	**1,067,448**	1,077,641
Cost of sales		**(799,602)**	(843,705)
Gross profit		**267,846**	233,936
Other income, gains and losses	4	**(6,089)**	(3,064)
Selling and distribution costs		**(34,710)**	(28,490)
Administrative expenses		**(140,359)**	(138,966)
Profit before tax		**86,688**	63,416
Income tax expense	5	**(16,145)**	(8,851)
Profit for the year	6	**70,543**	54,565
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(2,921)**	(1,928)
Total comprehensive income for the year		**67,622**	52,637
Profit (loss) for the year attributable to:			
Owners of the Company		**70,903**	55,440
Non-controlling interests		**(360)**	(875)
		70,543	54,565
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**68,051**	53,546
Non-controlling interests		**(429)**	(909)
		67,622	52,637
Earnings per share	8		
Basic		**HK27 cents**	HK21 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2017

	NOTES	**2017** **HK$'000**	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**269,182**	293,586
Prepaid lease payments		**3,132**	3,223
Investment properties		**6,898**	–
Deposit paid for acquisition of property, plant and equipment		**1,935**	2,393
Deferred tax assets		**1,245**	555
		282,392	299,757
CURRENT ASSETS			
Inventories		**111,465**	132,569
Trade and other receivables	*9*	**289,322**	331,933
Prepaid lease payments		**91**	91
Derivative financial instruments		**4**	194
Tax recoverable		**11**	75
Bank balances and cash		**426,916**	360,585
		827,809	825,447
CURRENT LIABILITIES			
Trade and other payables	*10*	**168,305**	189,693
Tax payable		**9,072**	9,863
		177,377	199,556
NET CURRENT ASSETS		**650,432**	625,891
		932,824	925,648
CAPITAL AND RESERVES			
Share capital		**26,278**	26,278
Share premium and reserves		**906,096**	898,484
Equity attributable to owners of the Company		**932,374**	924,762
Non-controlling interests		**(226)**	203
		932,148	924,965
NON-CURRENT LIABILITY			
Deferred tax liabilities		**676**	683
		932,824	925,648

Notes:

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountant ("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 ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassess 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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is 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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle

The application of the amendments to HKFRSs 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 amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to 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]
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration[1]
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 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle[5]

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 2017.

5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

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. 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.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that 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 of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39 Financial Instruments: Recognition and Measurement, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented 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.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future is not expected to have material impact on the consolidated financial statements.

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 have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the directors of the Company performs a detailed review. In addition, the application of HKFRS 15 in the future may result in more disclosures in the consolidated financial statement.

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, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the 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 and operating cash flows respectively.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2017, the Group has non-cancellable operating lease commitments of HK$49,017,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence 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 upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

Other than disclosed above, the directors of the Company do not anticipate that the application of these new or amendments to HKFRSs will have material effect on the amounts recognised in 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 separately provided to the executive directors for their review. Financial information reported to the executive directors for the purposes of resource allocation and performance assessment is aggregated and 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 profit or loss and other 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	
	2017	2016
	HK$'000	*HK$'000*
Place of domicile of the relevant group entity:		
– Hong Kong	**36,112**	48,557
– The PRC	**61,550**	53,653
Other places:		
– Italy	**450,598**	511,612
– United States	**322,256**	311,685
– Other countries	**196,932**	152,134
	1,067,448	1,077,641

4. OTHER INCOME, GAINS AND LOSSES

	2017	2016
	HK$'000	*HK$'000*
Bank interest income	**2,190**	1,498
Impairment losses recognised on trade receivables	**(4,240)**	(551)
Impairment losses reversed on trade receivables	**–**	101
Bad debts directly written off	**(159)**	–
Recovery of bad debts written off	**–**	90
Rental income	**297**	–
Net foreign exchange losses	**(4,161)**	(3,631)
Loss on disposals of property, plant and equipment	**(255)**	(139)
Fair value changes on derivative financial instruments	**(190)**	(500)
Others	**429**	68
	(6,089)	(3,064)

5. INCOME TAX EXPENSE

	2017	2016
	HK$'000	*HK$'000*
The charge comprises:		
Current tax		
– Hong Kong Profits Tax	**15,870**	10,623
– PRC Enterprise Income Tax ("EIT")	**3,809**	5,353
	19,679	15,976
Overprovision in respect of prior years		
– Hong Kong Profits Tax	**(153)**	(2,000)
– PRC EIT	**(2,684)**	(5,098)
	(2,837)	(7,098)
Deferred taxation		
– Current year	**(697)**	(27)
	16,145	8,851

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

PRC EIT is calculated at 25% of the assessable profits for subsidiaries established in the PRC 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

	2017	2016
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Auditor's remuneration – audit services	**1,338**	1,320
Cost of inventories recognised as expense (inclusive of allowance for inventories of approximately HK$17,499,000 (2016: HK$17,967,000))	**781,421**	826,254
Depreciation of property, plant and equipment	**51,175**	49,440
Depreciation of investment properties	**71**	–
Release of prepaid lease payments	**91**	91
Staff costs		
– directors' emoluments	**4,856**	5,761
– other staff costs, comprising mainly salaries	**382,053**	398,641
– retirement benefit scheme contribution excluding those of directors'	**33,688**	34,844
	420,597	439,246

7. DIVIDENDS

	2017	2016
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
Final, paid – HK10.0 cents per share for 2016 (2016: HK10.0 cents per share for 2015)	**26,278**	26,278
Special final, paid – HK7.0 cents per share for 2016 (2016: HK9.0 cents per share for 2015)	**18,394**	23,650
Interim, paid – HK4.5 cents per share for 2017 (2016: HK4.5 cents per share for 2016)	**11,825**	11,825
Special interim, paid – HK1.5 cent per share for 2017 (2016: HK1.0 cents per share for 2016)	**3,942**	2,627
	60,439	64,380

A final dividend of HK10.0 cents (2016: HK10.0 cents) per share in total of HK$26,278,000 (2016: HK$26,278,000) and a special final dividend of HK9.0 cents (2016: HK7.0 cents) per share in total of HK$23,650,000 (2016: HK$18,394,000) in respect of the year ended 31 March 2017 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:

	2017	2016
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic earnings per share	**70,903**	55,440
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 years ended 31 March 2017 and 2016 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:

	2017	2016
	HK$'000	*HK$'000*
Trade receivables		
Current	**266,362**	294,799
Overdue up to 90 days	**11,712**	15,349
Overdue more than 90 days	**1,555**	6,097
	279,629	316,245
Prepayments	**3,568**	9,979
Deposits	**3,438**	3,355
Other receivables	**2,176**	1,645
Amount due from an entity controlled by non-controlling shareholder of a subsidiary *(Note)*	**367**	637
Amount due from a non-controlling shareholder of a subsidiary *(Note)*	**144**	72
Trade and other receivables	**289,322**	331,933

Note: The amounts were unsecured, interest-free and repayable on demand.

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:

	2017	2016
	HK$'000	*HK$'000*
Trade payables		
Current and overdue up to 90 days	**79,229**	97,983
Overdue more than 90 days	**14,434**	9,015
	93,663	106,998
Accruals	**65,590**	68,002
Amounts due to entities controlled by non-controlling interests of a subsidiary *(Note)*	**239**	397
Other payables	**8,813**	14,296
	168,305	189,693

Note: The amounts were unsecured, interest-free and repayable on demand.

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 HK9.0 cents per share for the year ended 31 March 2017, to the shareholders whose names appear in the register of members of the Company at the close of business on 31 August 2017. This final and final special dividend, together with the interim and interim special dividend of HK6.0 cents per share already paid, will make a total distribution of HK25.0 cents per share for the full year. The final dividend and final special dividend are expected to be paid on or about 14 September 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 11 August 2017 to 18 August 2017 (both days inclusive) and from 25 August 2017 to 31 August 2017 (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, Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong ("Hong Kong Share Registrar") not later than 4:00 p.m. on 10 August 2017. 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 24 August 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The business environment continued to be full of challenges. During the year under review, the result of Brexit referendum in the United Kingdom created significant uncertainty in the European market. Consumer confidence there was weak due to the relatively weak Euro environment. In addition, the economic pickup in the major Asian countries remained slow. However, the Group was still able to manage its consolidated turnover at a relatively stable level even given such a backdrop. For the year ended 31 March 2017, the Group's consolidated turnover was HK$1,067 million (2016: HK$1,078 million), which represented a slight drop of about 1% as compared to that of the last fiscal year. Meanwhile, the profitability of the Group improved due to the continuous enhancement of operating efficiency, favorable change of product mix to higher-margin items as well as the deprecation of Renminbi. As a result, the Group's gross profit margin and net profit margin increased to 25.09% (2016: 21.71%) and 6.61% (2016: 5.06%) respectively.

The ODM Business

During the fiscal year under review, original design manufacturing (“ODM”) business accounted for 85.19% of the Group’s total consolidated turnover and continued to be the largest source of the Group’s revenue. For the year ended 31 March 2017, the Group’s ODM turnover slightly decreased by 0.66% to HK$909 million (2016: HK$915 million). Europe was the largest market of the Group’s ODM business. Adversely affected by the uncertain political climate caused by the decision of the United Kingdom to leave European Union as well as the depreciation of Euro in the third and fourth quarter of the fiscal year under review, customers in Europe became cautious in replenishing orders. As a result, the Group’s ODM turnover to Europe decreased by 1.08% to HK$552 million (2016: HK$558 million). In the meantime, there was a market rebound in the United States, the second largest market of the Group’s ODM business, in the fiscal year under review. The Group’s ODM turnover to United States increased by 3.21% to HK$322 million (2016: HK$312 million), which offsets part of the negative impact caused by the slowdown of European market. In terms of geographical allocation, Europe and United States accounted for 60.73% and 35.42% (2016: 61.05% and 34.08%) of the Group’s ODM turnover respectively. In terms of product mix, sales of plastic frames, metal frames and others accounted for 53%, 46% and 1% (2016: 55%, 44% and 1%) of the Group’s ODM turnover respectively.

The Branded Eyewear Distribution Business

Branded eyewear distribution business accounted for 14.81% of the Group’s consolidated turnover. During the year under review, the Group’s distribution turnover decreased by 3.07% to HK$158 million (2016: HK$163 million). It was because the purchasing power of most of the Asian countries and certain emerging countries were eroded by the their weaker currencies against the stronger U.S. dollar. Furthermore, the Chinese economy still did not yet fully recoup its growth momentum. The overall market demand was therefore sluggish in general, which negatively affected the Group’s performance. Asia continued to be the largest market of the Group. It accounted for 92.64% of the Group’s distribution turnover. Within Asia, China and Japan were the top performing countries which contributed about 43.54% and 17.22% respectively of the Group’s distribution turnover.

LIQUIDITY AND CAPITAL RESOURCES

The Group continued to maintain a strong liquidity and financial position during the year under review. It held a cash and bank balance of HK$427 million as at 31 March 2017 and did not have any bank borrowings throughout the year. Net cash inflow from operations amounted to HK$160 million during the reporting fiscal year. The Group will continue to manage its cash flows with prudence and diligence, without compromising the needs to explore new business opportunities and strategically invest in assets that can enhance the Group’s competitiveness in long run.

Given the Group's strong cash position, the Directors have again resolved to declare a final special dividend of HK9.0 cents per share on the top of the final dividend of HK10.0 cents per share for the year ended 31 March 2017. 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 2017, the net current assets and current ratio of the Group were approximately HK$650 million and 4.7:1 respectively. The equity attributable to owners of the Company increased to HK$932 million as at 31 March 2017 from HK$925 million as at 31 March 2016 after the payment of dividends during the year under review. The Group adopted a prudent approach to control its inventory and receivables. Accordingly, debtor turnover period and inventory turnover period were managed at 96 days and 51 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

Looking forward, the business environment is expected to remain challenging. On the one hand, the market demand will continue to be volatile. European market is likely to be unstable in the post Brexit era and the U.S. dollar is anticipated to further appreciate which may suppress product demand in Europe and Asia. On the other hand, we foresee that customers will become even more conscious about product quality and service standard. They expect that premium merchandises, to be supported by responsive services, can be delivered to the end consumers in a lightening short lead time. In response to the above challenges, the Group will continue to improve its operating efficiency, streamline its production processes, optimize its organization structure, further standardize its operation and enhance flexibility of its production capacity. The above measures are expected to allow the Group to swiftly react to the fast changing market demand as well as shortening the production and product development cycle. Meanwhile, the Group will further reduce its cost footprint by cautiously managing its expenditure, adopting a prudent but yet flexible budget control and exploring alternative source of lower-cost purchase with quality. In addition, the Group will continue to improve its working capital by reinforcing strong inventory management and credit control. The Directors believe that the above measures will help the Group to maintain its financial strength so that it can survive even in the toughest business environment.

In the years to come, the Group will strengthen its alliance with strategic customers, without stopping to search for new business partners with growth potential. The Group will further integrate into its customers' supply chains with an objective to function as a non-replaceable partner who offers customers with all-rounded product solutions.

The Directors anticipate that branded eyewear distribution business will be an important driver for the Group's future growth. The Group will therefore keep on expanding its distribution network, especially in China and other Asian countries where it has strong product presence. Furthermore, the Group will strengthen its brand mix by introducing new brand names to its portfolio. The Group has recently obtained exclusive right to distribute eyewear products for the reputable brand "agnès b." worldwide and another famous brand "Bally" in China, Hong Kong and Macau. The new agnès b. and Bally eyewear products have received very favorable market response so far. The Group will also utilize its brand assets to widen product variety and seek for new business opportunities. Innovative features will be incorporated to the Group's branded eyewear products to bring unique experience to end consumers.

The business environment ahead will be full of both challenges and business opportunities. Levering on our vision, strategy and financial strength, we are confident that the Group will overcome the difficulties to be encountered, and will create long term value for our shareholders as well as 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 enhance 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. During the year ended 31 March 2017, the Company has complied with all applicable code provisions in the CG Code which were effective during the period between 1 April 2016 to 31 March 2017, except for the deviations from code A.2.1 of the CG Code as mentioned below:

Code 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.

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. Mr. Lo Wa Kei, Roy and Mr. Wong Che Man, Eddy are both qualified certified public accountants and possess the qualifications as required under rule 3.21 of the Listing Rules. None of the members of the Audit Committee is a member of the former or existing auditors of the Group. The Audit Committee has adopted the principles set out in the CG Code. The duties of the Audit Committee include review of the interim and annual reports of the Group as well as various auditing, financial reporting, risk management 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 2017 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, 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 Company's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

NOMINATION COMMITTEE

A nomination committee (the "Nomination Committee") was established by the Company with written terms of reference. The Nomination Committee 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, as well as the human resources manager of the Group. The duties of the Nomination Committee include, inter alia, the 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. Moreover, in performing the duties, the Nomination Committee shall ensure that the Board has the appropriate balance of skills, experience and diversity of perspective appropriate to the requirements of the Company's business. Selection of the candidates to the Board shall be based on the Company's business model and specific needs with reference to a range of diversity perspectives, including but not limited to gender, age, language, cultural and education backgrounds, industry and professional experience.

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 2017.

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

During the year, 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 profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2017 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 2017 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.

Ku Ngai Yung, Otis
Chairman

Hong Kong, 23 June 2017

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Ku Ngai Yung, Otis, Mr. Ku Ka Yung, 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.