SUN HING VISION GROUP HOLDINGS LIMITED
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 2014

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 2014.

RESULTS

Despite the modest improvement of business environment in the first half of the current fiscal year, market demand adversely changed and weakened during the last six months of the year under review. Given such an economic backdrop, the Group was still able to maintain a relatively stable turnover. For the year ended 31 March 2014, the Group consolidated turnover slightly increased by 1.05% to HK$1,177 million (2013: HK$1,165 million). However, net profit of the Group decreased by 16.48% to HK$44 million (2013: HK$53 million). Accordingly, basic earnings per share decreased by 15% to HK17 cents (2013: HK20 cents).

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2014

	NOTES	2014 HK$'000	2013 HK$'000
Revenue	3	**1,176,972**	1,164,777
Cost of sales		**(967,834)**	(951,784)
Gross profit		**209,138**	212,993
Other income, gains and losses	4	**(3,306)**	(4,409)
Selling and distribution costs		**(24,639)**	(22,559)
Administrative expenses		**(133,139)**	(125,397)
Profit before tax		**48,054**	60,628
Income tax expense	5	**(3,750)**	(7,583)
Profit for the year attributable to owners of the Company	6	**44,304**	53,045
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Surplus on revaluation of leasehold land and buildings		**1,540**	10,340
Deferred tax charge arising on revaluation of leasehold land and buildings		**(254)**	(1,706)
		1,286	8,634
Items that may be reclassified subsequently to profit to loss:			
Exchange difference arising on translation of foreign operations		**(444)**	241
Other comprehensive income for the year		**842**	8,875
Total comprehensive income attributable to owners of the Company for the year		**45,146**	61,920
Earnings per share	8		
Basic		**HK17 cents**	HK20 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2014

	NOTES	**2014** **HK$'000**	2013 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**313,179**	302,620
Prepaid lease payments		**3,405**	3,496
Deposit paid for acquisition of property, plant and equipment		**1,860**	3,091
Deferred tax assets		**339**	–
		318,783	309,207
CURRENT ASSETS			
Inventories		**174,899**	183,177
Trade and other receivables	*9*	**329,625**	320,356
Prepaid lease payments		**91**	91
Derivative financial instruments		**–**	455
Tax recoverable		**1,384**	2,429
Pledged bank deposits		**936**	–
Bank balances and cash		**335,331**	351,960
		842,266	858,468
CURRENT LIABILITIES			
Trade and other payables	*10*	**207,895**	219,793
Derivative financial instruments		**5,506**	–
Tax payable		**744**	3,011
		214,145	222,804
NET CURRENT ASSETS		**628,121**	635,664
		946,904	944,871
CAPITAL AND RESERVES			
Share capital		**26,278**	26,278
Share premium and reserves		**916,901**	915,114
		943,179	941,392
NON-CURRENT LIABILITY			
Deferred tax liabilities		**3,725**	3,479
		946,904	944,871

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 Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for properties and financial instruments that are measured at fair value.

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.

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.

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 REVISED HKFRSs

The Group has applied the following new and revised HKFRSs issued by the HKICPA for the first time in the current year:

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

Except as described below, the application of the new and revised 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.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply 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 for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a "statement of comprehensive income" may be renamed as a "statement of profit or loss and other comprehensive income". Furthermore, 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 amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

New or 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 10, HKFRS 12 and HKFRS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[5]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation Hedge Accounting[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[6]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[6]
HK(IFRIC) – Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.
2 Effective for annual periods beginning on or after 1 July 2014.
3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
5 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.
6 Effective for annual periods beginning on or after 1 January 2016.

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, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are 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.

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, 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.

The new general hedge accounting requirements retain the three types of hedge accounting. However, 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 effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. 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.

Other than disclosed above, the directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

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 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	
	2014	2013
	HK$'000	*HK$'000*
Place of domicile of the relevant group entity:		
– Hong Kong	**45,121**	33,005
– The PRC	**47,751**	14,250
Other places:		
– Italy	**445,444**	457,784
– United States	**395,551**	420,111
– Other countries	**243,105**	239,627
	1,176,972	1,164,777

4. OTHER INCOME, GAINS AND LOSSES

	2014	2013
	HK$'000	*HK$'000*
Bank interest income	**2,996**	3,583
Impairment losses recognised on trade receivables	**(213)**	(3,712)
Net foreign exchange losses	**(594)**	(6,617)
Gain on disposals of property, plant and equipment	**25**	688
Fair value changes on derivative financial instruments	**(5,961)**	455
Others	**441**	1,194
	(3,306)	(4,409)

5. INCOME TAX EXPENSE

	2014	2013
	HK$'000	*HK$'000*
The charge comprises:		
Current tax		
– Hong Kong Profits Tax	**4,003**	5,452
– PRC Enterprise Income Tax ("EIT")	**263**	2,879
	4,266	8,331
Overprovision in respect of prior years		
– Hong Kong Profits Tax	**(169)**	(24)
	4,097	8,307
Deferred taxation		
– Current year	**(347)**	(724)
	3,750	7,583

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

	2014	2013
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Auditor's remuneration	**1,290**	1,320
Cost of inventories recognised as expense (inclusive of allowance for inventories of approximately HK$12,936,000 (2013: HK$10,100,000))	**967,834**	951,784
Depreciation of property, plant and equipment	**52,081**	53,426
Release of prepaid lease payments	**91**	92
Staff costs		
– directors' emoluments	**4,195**	4,772
– other staff costs, comprising mainly salaries	**420,666**	385,667
– retirement benefit scheme contribution excluding those of directors'	**28,095**	23,372
	452,956	413,811

7. DIVIDENDS

	2014	2013
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
Final, paid – HK10.0 cents per share for 2013 (2013: HK10.0 cents per share for 2012)	**26,278**	26,278
Special final, paid – HK1.0 cent per share for 2013 (2013: HK3.0 cents per share for 2012)	**2,628**	7,883
Interim, paid – HK4.5 cents per share for 2014 (2013: HK4.5 cents per share for 2013)	**11,825**	11,825
Special interim, paid – HK1.0 cent per share for 2014 (2013: HK1.0 cent per share for 2013)	**2,628**	2,628
	43,359	48,614

A final dividend of HK10.0 cents (2013: HK10.0 cents) per share in total of HK$26,278,000 (2013: HK$26,278,000) and a special final dividend of HK5.0 cent (2013: HK1.0 cent) per share in total of HK$13,139,000 (2013: HK$2,628,000) in respect of the year ended 31 March 2014 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:

	2014	2013
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic earnings per share	**44,304**	53,045
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 2014 and 2013 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:

	2014	2013
	HK$'000	*HK$'000*
Trade receivables		
Current	**291,796**	272,055
Overdue up to 90 days	**19,229**	21,970
Overdue more than 90 days	**2,551**	9,945
	313,576	303,970
Prepayments	**7,523**	4,630
Deposits	**3,241**	6,635
Other receivables	**5,285**	5,121
Trade and other receivables	**329,625**	320,356

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:

	2014	2013
	HK$'000	*HK$'000*
Trade payables		
Current and overdue up to 90 days	**130,798**	140,940
Overdue more than 90 days	**2,980**	5,209
	133,778	146,149
Accruals	**63,238**	66,015
Other payables	**10,879**	7,629
	207,895	219,793

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 HK5.0 cents per share for the year ended 31 March 2014, to the shareholders whose names appear in the register of members of the Company at the close of business on 3 September 2014. 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 HK20.5 cents per share for the full year. The final dividend and final special dividend are expected to be paid on or about 18 September 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 19 August 2014 to 22 August 2014 (both days inclusive) and from 29 August 2014 to 3 September 2014 (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 18 August 2014. 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 28 August 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The market demand fluctuated during the year under review. The Group's customers adopted a relatively proactive approach in procurement in the first and second quarter of 2013/14 fiscal year, but they slowed down their pace of order placement afterwards. This change unfavorably affected the performance of the Group and dragged down the overall result for the full year. For the year ended 31 March 2014, the Group's consolidated turnover was maintained at HK$1,177 million (2013: HK$1,165 million), which represented a slight increase of 1.05% as compared to that of last year. Meanwhile, operating costs in China continued to rise. In May 2013, the minimum wages in Dongguan and Heyuan city of Guangdong province, where the Group's major production facilities are located, increased by about 19%. This, together with the shortage of labor supply in the Pearl River Delta area, significantly increased the labor costs for the Group. In response to the rising operating costs, the Group introduced specialty projects to streamline operation, automate production processes, improve mould tools, enhance workforce efficiency and control material costs, but the above measures could not completely eliminate such great degree of cost increase. In addition, while Renminbi continued to appreciate and increased the Group's operating costs during most of the time in 2013/14 fiscal year, the depreciation of Renminbi near the end of the fiscal year resulted in a decrease in fair value of derivative financial instruments hedging the Renminbi exposure of the Group. The above factors adversely affected the Group's profitability. As a result, the Group's gross profit margin and net profit margin decreased from 18.29% and 4.55% to 17.77% and 3.76% respectively.

The ODM Business

For the year ended 31 March 2014, the ODM turnover of the Group slightly dropped by 0.89% to HK$1,004 million (2013: HK$1,013 million), which represented about 85.30% of the Group's consolidated turnover. In terms of geographical allocation, Europe and United States continued to be the two largest markets of the Group's ODM business and accounted for 55.60% and 39.44% of the Group's ODM turnover respectively. The economy of the United States continued to be clouded by uncertainty and the market sentiment remained weak. Against such an unfavorable background, the Group's ODM turnover to the United States decreased by 5.71% to HK$396 million (2013: HK$420 million). The market demand from Europe for eyewear products was relatively stable during the year under review. The Group's ODM turnover to Europe was maintained at about HK$558 million (2013: HK$559 million). In terms of product mix, sales of plastic frames, metal frames and others accounted for 57%, 42% and 1% (2013: 52%, 47% and 1%) of the Group's ODM turnover respectively.

The Branded Eyewear Distribution Business

For the year ended 31 March 2014, the Group's turnover contributed by the branded eyewear distribution business increased by 13.82% to HK$173 million (2013: HK$152 million), which represented about 14.70% of the Group's consolidated turnover. During the year under review, the market demand from Japan and certain East Asian countries remained relatively weak. However, as a result of the strengthened and restructured distribution network in China, the Group was still able to achieve a relatively satisfactory growth in its distribution business. Asia continued to be the largest market of the Group's distribution business. Driven by the growing business in China, turnover from the Asian market increased by 15.63% to HK$148 million (2013: HK$128 million).

LIQUIDITY AND CAPITAL RESOURCES

The Group continued to maintain a strong liquidity and financial position. It held a cash, bank balance and pledged bank deposits of HK$336 million as at 31 March 2014 and did not have any bank borrowings throughout the year. Net cash inflow from operations amounted to HK$85 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 HK5.0 cents per share on the top of the final dividend of HK10.0 cents per share for the year ended 31 March 2014. 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 2014, the net current assets and current ratio of the Group were approximately HK$628 million and 3.9:1 respectively. The total shareholders' equity of the Group increased to HK$943 million as at 31 March 2014 from HK$941 million as at 31 March 2013 after the payment of dividends during the year. The Group prudently controlled its receivable collection status and inventory. Accordingly, debtor turnover period and inventory turnover period were managed at 97 days and 66 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 Directors expect that the business environment will continue to be challenging in the years to come. The Group's turnover and profitability are expected to be affected by the rising labor costs in China and the persistently volatile market demand. Certain measures are introduced with an aim to improve the Group's overall profitability and efficiency.

In order to cope with the rising labor costs, the Group will further optimize the structure of its workforce and introduce tailor-made incentive schemes to boost employees' productivity. Besides, the Group will continue to invest in carefully selected fixed assets so that its manufacturing processes can be further automated and standardized. The Group has carried out specialty projects, which are led by cross-functional teams, to periodically review on aspects including streamline of manufacturing processes and improvement of mould tools. The Group will also closely monitor the efficiency of material purchase and consumption, and is actively exploring new channels of material sourcing. The above measures are expected to achieve additional cost savings to offset part of the negative impact caused by the increasing labor costs. Furthermore, the Group has adjusted its production capacity according to the latest market changes. Products with unreasonably low profit margin will be phased out. Appropriate price adjustment on products will be introduced so as to maintain the product pricing on a level which is sustainable under the inflating operating cost environment.

For branded eyewear distribution business, the Group will continue to widen its product variety and explore new distribution channels. Marketing strategies will be formulated by considering the uniqueness of each regional market. The Directors believe that China will remain to be a market full of potential. In the coming years, the Group will further strengthen its existing distribution networks in China to increase market penetration for its branded eyewear products. Meanwhile, the Group's brand portfolio will be further optimized. New brands with unique character will be introduced and non-performing brands will be phased out.

It is expected that the eyewear manufacturing and distribution industry is consolidating, with benefits belonging to those players who have responsive supply chain, proven execution compatibilities and well implemented strategies. The Directors believe that the Group is well-equipped with the above attributes to take advantage of the situation in this changing market. Looking ahead, the business environment will be full of both challenges and opportunities. Levering on the Group's solid fundamentals and innovative design capability, efficient operation and sound management, the Directors 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. During the year under review, the Company has complied with the CG Code which were effective during the period between 1 April 2013 to 31 March 2014, except for the deviations from code provisions A.2.1 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.

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 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 2014 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 2014.

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 profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2014 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 2014 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 Ngai Yung, Otis
Chairman

Hong Kong, 27 June 2014

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.