ELEGANCE OPTICAL INTERNATIONAL HOLDINGS LIMITED
高 雅 光 學 國 際 集 團 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock Code: 907)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

The board of directors (the "Board") of Elegance Optical International Holdings Limited (the "Company") would like to announce the consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2018 together with the comparative figures for 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 March 2018

	Notes	**2018** *HK$'000*	2017 *HK$'000*
REVENUE	*5*	**111,790**	136,248
Cost of sales and services		**(97,290)**	(138,548)
Gross profit/(loss)		**14,500**	(2,300)
Other income	*5*	**5,620**	3,767
Selling and distribution expenses		**(4,050)**	(5,508)
Administrative expenses		**(90,538)**	(70,314)
Gain on disposal of subsidiaries	*19*	**62,662**	101,073
Other operating expenses, net	*6*	**(1,872)**	(4,506)
Finance costs	*7*	**(424)**	(1,199)
Share of profits/(losses) of a joint venture		**213**	(215)
(LOSS)/PROFIT BEFORE TAX	*6*	**(13,889)**	20,798
Income tax expense	*8*	**(3,168)**	(15,152)
(LOSS)/PROFIT FOR THE YEAR		**(17,057)**	5,646
Attributable to:			
Owners of the parent		**(14,117)**	8,038
Non-controlling interests		**(2,940)**	(2,392)
		(17,057)	5,646
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	*10*	**HK(3.96) cents**	HK2.48 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
(LOSS)/PROFIT FOR THE YEAR		**(17,057)**	5,646
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Available-for-sale financial asset:			
Change in fair value		**(40)**	—
Share of other comprehensive income/(loss) of a joint venture		**65**	(37)
Exchange differences:			
Release of exchange fluctuation reserve upon disposal of a subsidiary	*19(b)*	**—**	(3,048)
Exchange differences on translation of foreign operations		**3,694**	(3,003)
		3,694	(6,051)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		**3,719**	(6,088)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Gain on property revaluation		**7,601**	—
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**11,320**	(6,088)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(5,737)**	(442)
Attributable to:			
Owners of the parent		**(3,985)**	3,083
Non-controlling interests		**(1,752)**	(3,525)
		(5,737)	(442)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**61,878**	81,890
Investment properties		**75,357**	29,862
Prepaid land lease payments		**4,460**	4,143
Investment in a joint venture		**—**	—
Available-for-sale financial asset		**290**	360
Prepayments and deposits		**1,880**	663
Total non-current assets		**143,865**	116,918
CURRENT ASSETS			
Inventories		**13,175**	14,570
Trade receivables	*11*	**14,117**	18,238
Loan and interest receivables	*12*	**36,762**	—
Prepayments, deposits and other receivables		**92,425**	31,123
Equity investments at fair value through profit or loss	*13*	**10,893**	38,181
Cash and cash equivalents		**138,782**	161,973
Total current assets		**306,154**	264,085
CURRENT LIABILITIES			
Trade payables	*14*	**8,284**	8,821
Other payables, accruals, deposits received and deferred income	*15*	**44,429**	41,257
Obligation under finance leases		**366**	—
Interest-bearing bank and other borrowings	*16*	**11,063**	46,584
Tax payable		**17,244**	14,959
Total current liabilities		**81,386**	111,621
NET CURRENT ASSETS		**224,768**	152,464
TOTAL ASSETS LESS CURRENT LIABILITIES		**368,633**	269,382

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT LIABILITIES			
Deposits received and deferred income	*15*	**4,641**	92
Deferred tax liabilities		**2,109**	2,591
Obligation under finance leases		**605**	—
Total non-current liabilities		**7,355**	2,683
Net assets		**361,278**	266,699
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*17*	**38,837**	32,365
Reserves		**323,209**	233,350
		362,046	265,715
Non-controlling interests		**(768)**	984
Total equity		**361,278**	266,699

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 March 2018

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 Group was engaged in the manufacture and trading of optical frames and sunglasses, property investment, investment in debts and securities, money lending business and film distribution business.

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 ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, an available-for-sale financial asset and equity investments at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Hong Kong dollars 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 Group for the year ended 31 March 2018. 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 parent of the Group 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. 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 HKFRSs for the first time for the current year's consolidated financial statements.

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual Improvements to HKFRSs 2014–2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

The nature and the impact of the amendments are described below:

(a) Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

(b) Amendments to HKAS 12 clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments have had no impact on the financial position or performance of the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

(c) Amendments to HKFRS 12 clarify that the disclosure requirements in HKFRS 12, other than those disclosure requirements in paragraphs B10 to B16 of HKFRS 12, apply to an entity's interest in a subsidiary, a joint venture or an associate, or a portion of its interest in a joint venture or an associate that is classified as held for sale or included in a disposal group classified as held for sale. The amendments have had no impact on the Group's consolidated financial statements.

4. SEGMENT INFORMATION

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

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

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

(c) the debts and securities investment segment engaged in investments in financial instruments and quoted shares;

(d) the money lending business segment engaged in provision of loan financing in Hong Kong; and

(e) the film distribution segment engaged in film right and movie distributions.

Due to the acquisition of money lending business and film distribution business during the year ended 31 March 2018, the Group has reassessed the operating performance which resulted in two new reporting operating segments, namely the money lending segment and film distribution segment.

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/loss before tax except that bank interest income, finance costs and unallocated gains as well as corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude other unallocated head office and corporate assets, including cash and cash equivalents and investment in and balances with a joint venture, as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities, including interest-bearing bank and other borrowings, tax payable and deferred tax 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*	Debts and securities investment *HK$'000*	Film distribution *HK$'000*	Money lending *HK$'000*	Total *HK$'000*
Year ended 31 March 2018						
Segment revenue:						
Revenue from external customers	**91,477**	**1,984**	**15,106**	**750**	**2,473**	**111,790**
Segment results	**(80,582)**	**(1,245)**	**10,165**	**(2,804)**	**1,368**	**(73,098)**
Reconciliation:						
Bank interest income						**17**
Unallocated gains						**62,875**
Corporate and other unallocated expenses						**(3,259)**
Finance costs						**(424)**
Loss before tax						**(13,889)**
Segment assets	**130,714**	**75,504**	**11,076**	**57,048**	**36,895**	**311,237**
Reconciliation:						
Corporate and other unallocated assets						**138,782**
Total assets						**450,019**
Segment liabilities	**51,732**	**354**	**250**	**5,989**	**—**	**58,325**
Reconciliation:						
Corporate and other unallocated liabilities						**30,416**
Total liabilities						**88,741**
Other segment information:						
Share of profits of a joint venture	**213**	**—**	**—**	**—**	**—**	**213**
Depreciation and amortisation	**(10,528)**	**(14)**	**(162)**	**(94)**	**—**	**(10,798)**
Provision for inventory obsolescence	**(626)**	**—**	**—**	**—**	**—**	**(626)**
Impairment of trade receivables	**(1)**	**—**	**—**	**—**	**—**	**(1)**
Impairment losses on available-for-sale financial asset, net	**(30)**	**—**	**—**	**—**	**—**	**(30)**
Impairment loss on investment in and loan to a joint venture	**(466)**	**—**	**—**	**—**	**—**	**(466)**
Impairment of goodwill	**—**	**—**	**—**	**(969)**	**(600)**	**(1,569)**
Impairment of intangible asset	**—**	**—**	**—**	**(1,690)**	**—**	**(1,690)**
Additions to items of property, plant and equipment	**3,555**	**109**	**344**	**—**	**—**	**4,008**

	Manufacturing and trading *HK$'000*	Property investment *HK$'000*	Debts and securities investment *HK$'000*	Total *HK$'000*
Year ended 31 March 2017				
Segment revenue:				
Revenue from external customers	129,622	5,579	1,047	136,248
Segment results	(81,690)	5,395	1,047	(75,248)
Reconciliation:				
Bank interest income				478
Unallocated gains				101,073
Corporate and other unallocated expenses				(4,306)
Finance costs				(1,199)
Profit before tax				20,798
Segment assets	150,627	29,862	38,541	219,030
Reconciliation:				
Corporate and other unallocated assets				161,973
Total assets				381,003
Segment liabilities	49,566	604	—	50,170
Reconciliation:				
Corporate and other unallocated liabilities				64,134
Total liabilities				114,304
Other segment information:				
Share of losses of a joint venture	(215)	—	—	(215)
Depreciation and amortisation	(16,075)	—	—	(16,075)
Provision for inventory obsolescence	(2,625)	—	—	(2,625)
Impairment of trade receivables	(17)	—	—	(17)
Impairment loss on investment in and loan to a joint venture	(3,929)	—	—	(3,929)
Additions to items of property, plant and equipment	892	—	—	892

Geographical information

(a) *Revenue from external customers*

	2018	2017
	HK$'000	*HK$'000*
Europe	**30,290**	57,970
America	**50,897**	63,238
The People's Republic of China ("PRC") (including Hong Kong)	**27,040**	11,236
Other Asian countries	**3,519**	3,057
Others	**44**	747
	111,790	136,248

The revenue information above is based on the locations of the customers. The PRC (including Hong Kong) segment mainly represents rental income from lessees located in the PRC (including Hong Kong), the sales of eyewear products to agents located in Hong Kong including sales made to local retailers, fair value gains on equity investments listed in Hong Kong Stock Exchange and interest income from loans made in Hong Kong. The directors believe that the agents in Hong Kong export the Group's products mainly to Europe and America.

(b) *Non-current assets*

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

Information about major customers attributable to manufacturing and trading segment

	2018	2017
	HK$'000	*HK$'000*
Customer A	**29,252**	26,148
Customer B	**N/A**[1]	19,371
Customer C	**N/A**[1]	16,762
	29,252	62,281

1 The revenue derived from these customers amounted to less than 10% of the Group's revenue during the year ended 31 March 2018.

5. REVENUE AND OTHER INCOME

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, gross rental income, fair value gains on and dividend income from equity investments at fair value through profit or loss, interest income on money lending business and agency and commission income from film distribution.

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

	2018	2017
	HK$'000	*HK$'000*
Revenue:		
Sale of goods	**91,477**	129,622
Rental income	**1,984**	5,579
Interest income on money lending business	**2,473**	—
Film distribution agency and commission income	**750**	—
Fair value gains on equity investments at fair value through profit or loss, net	**14,962**	1,043
Dividend income from equity investments at fair value through profit or loss	**144**	4
	111,790	136,248
Other income:		
Sale of scrap materials	**811**	962
Accounting service fee	**960**	—
Bank interest income	**17**	478
Government grants	**60**	247
Write-back of other payables	**127**	1,242
Foreign exchange differences, net	**3,085**	—
Others	**560**	838
	5,620	3,767

6. (LOSS)/PROFIT BEFORE TAX

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

	Note	2018 HK$'000	2017 HK$'000
Cost of inventories sold*		**96,537**	135,558
Depreciation		**10,681**	15,832
Amortisation of prepaid land lease payments		**117**	243
Auditor's remuneration		**1,220**	1,110
Minimum lease payments under operating leases in respect of land and buildings		**6,083**	2,654
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages, salaries and other benefits		**57,557**	77,886
Pension scheme contributions**		**5,165**	1,276
		62,722	79,162
Gross rental income		**(1,984)**	(5,579)
Less: Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties*		**127**	365
Net rental income		**(1,857)**	(5,214)
Provision for inventory obsolescence*		**626**	2,625
Foreign exchange differences, net		**(3,085)**	3,161
Other operating expenses, net:			
Impairment of trade receivables	*11*	**1**	17
(Gain)/loss on disposal of items of property, plant and equipment		**(138)**	654
Impairment losses on available-for-sale financial asset, net		**30**	—
Changes in fair values of investment properties		**(1,996)**	(181)
Impairment loss on investment in and loan to a joint venture		**466**	3,929
Impairment of intangible asset		**1,690**	—
Impairment of goodwill		**1,569**	—
Others		**250**	87
		1,872	4,506

* Included in "cost of sales and services" 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 (2017: Nil).

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2018	2017
	HK$'000	*HK$'000*
Interest on bank loans and other loan	**412**	1,199
Interest on finance leases	**12**	—
	424	1,199

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 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.

	2018	2017
	HK$'000	*HK$'000*
Current — Hong Kong		
Charge for the year	**2,904**	—
Underprovision in prior years	**—**	43
Current — Elsewhere		
Charge for the year	**60**	14,167
Overprovision in prior years	**(37)**	(37)
Deferred	**241**	555
Withholding tax	**—**	424
Total tax expense for the year	**3,168**	15,152

9. DIVIDEND

The Board does not recommend payment of any dividend for the year ended 31 March 2018 (2017: Nil).

10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic (loss)/earnings per share amounts is based on the (loss)/profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 356,807,401 (2017: 323,649,123) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2018 and 2017.

The calculations of basic and diluted (loss)/earnings per share are based on:

	2018	2017
	HK$'000	*HK$'000*
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic and diluted (loss)/earnings per share calculation	**(14,117)**	8,038

	Number of shares	
	2018	2017
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted (loss)/earnings per share calculation	**356,807,401**	323,649,123

11. TRADE RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**14,426**	18,546
Impairment	**(309)**	(308)
	14,117	18,238

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit period is generally ranging from 45 to 120 days (2017: 45 to 120 days). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aging analysis of the trade receivables as at the end of each reporting period, based on the invoice date and net of provisions, is as follows:

	2018	2017
	HK$'000	*HK$'000*
Current to 90 days	**14,072**	18,236
91 to 180 days	**45**	1
181 to 360 days	**—**	1
	14,117	18,238

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

	2018	2017
	HK$'000	*HK$'000*
At beginning of year	**308**	364
Impairment losses recognised *(note 6)*	**1**	17
Amount written off as uncollectible	**—**	(73)
At end of year	**309**	308

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$309,000 (2017: HK$308,000) with a carrying amount before provision of HK$309,000 (2017: HK$308,000). 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 aging analysis of the trade receivables that are not considered to be impaired is as follows:

	2018	2017
	HK$'000	*HK$'000*
Neither past due nor impaired	**12,036**	16,920
Less than one month past due	**1,765**	853
One to three months past due	**271**	463
Over three months past due	**45**	2
	14,117	18,238

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.

12. LOAN AND INTEREST RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Loan and interest receivables, unsecured	**36,762**	—

These loan receivables are stated at amortised cost at effective interest rates ranging from 10% to 20%. The credit terms of these loan receivables range from 3 months to 1 year. As these loan receivables relate to a number of different borrowers, the directors of the Company are of the opinion that there is no concentration of credit risk over these loan receivables. The grants of these loans were approved and monitored by the Group's management. The Group does not hold any collateral or other credit enhancement over its loan receivable balances. The carrying amounts of these loan receivables approximate to their fair values.

Included in the above is loan and interest receivables from a substantial shareholder of the Company amounted to HK$2,610,000 (2017: Nil), which bears interest at 18% per annum and repayable within 3 months.

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

	2018	2017
	HK$'000	*HK$'000*
Neither past due nor impaired	**36,762**	—

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.

13. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	2017
	HK$'000	*HK$'000*
Listed equity investments, at market value	**10,893**	38,181

The above equity investments at 31 March 2018 and 31 March 2017 were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

14. TRADE PAYABLES

An aged analysis of the trade payables as at the end of each reporting period, based on the payment due date, is as follows:

	2018	2017
	HK$'000	*HK$'000*
Current to 90 days	**7,760**	8,074
91 to 180 days	**460**	311
181 to 360 days	**32**	46
Over 360 days	**32**	390
	8,284	8,821

Trade payables are non-interest-bearing and are normally settled on 90-day (2017: 90-day) terms.

15. OTHER PAYABLES, ACCRUALS, DEPOSITS RECEIVED AND DEFERRED INCOME

	2018	2017
	HK$'000	*HK$'000*
Other payables	**922**	1,686
Accruals	**7,863**	9,400
Deposits received	**35,868**	30,263
Deferred income	**4,417**	—
	49,070	41,349
Less: Non-current portion	**(4,641)**	(92)
	44,429	41,257

Other than the non-current portion of deposits received and deferred income which are non-interest-bearing and not repayable within one year, the remaining balances are non-interest-bearing and repayable on demand.

16. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2018			2017		
	Effective interest rate (%)	**Maturity**	**HK$'000**	Effective interest rate (%)	Maturity	HK$'000
Current						
Bank loans — Secured	**3.06–3.22**	**2018**	**1,080**	2.68–3.40	2017	46,584
Other loan — Unsecured	**12**	**2019**	**9,983**			—
			11,063			46,584

	2018	2017
	HK$'000	*HK$'000*
Analysed into:		
Bank loans repayable within one year	**1,080**	46,584
Other loan repayable within one year	**9,983**	—
	11,063	46,584

Notes:

(a) The Group's banking facilities (the "Banking Facilities") amounting to HK$70,000,000 (2017: HK$60,000,000), of which HK$1,080,000 (2017: HK$46,584,000) had been utilised as at the end of the reporting period, and were secured by a fixed deposit amounting to HK$70,000,000 provided by one of the subsidiaries' director (2017: pledged by certain of the Group's land and buildings located in Hong Kong with a net carrying amount of HK$17,577,000, and market value of HK$79,000,000 and a corporate guarantee given by the Company in favour of banks).

Subsequent to the end of the reporting period, in April 2018, the Banking Facilities were terminated and the Group negotiated for new banking facilities under which one of the subsidiaries' director provided a fixed deposit of HK$3,000,000 to secure for a facility of HK$3,000,000 granted to the Group.

(b) The Group's other loan is unsecured, bear interest at 12% and is repayable in full on 18 January 2019.

(c) Except for certain bank loans denominated in United States dollars amounted to HK$228,000, all bank and other borrowings were denominated in Hong Kong dollars.

17. SHARE CAPITAL

	2018	2017
	HK$'000	*HK$'000*
Authorised:		
1,000,000,000 shares of HK$0.10 each	**100,000**	100,000
Issued and fully paid:		
388,369,123 (2017: 323,649,123) shares of HK$0.10 each	**38,837**	32,365

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital**
		HK$'000
At 1 April 2016, 31 March 2017 and 1 April 2017	323,649,123	32,365
Issue of new shares upon placing *(Note (a))*	64,720,000	6,472
At 31 March 2018	388,369,123	38,837

Note:

(a) On 26 September 2017, 64,720,000 ordinary shares were issued at the subscription price of HK$1.55 per share by way of placement for an aggregate consideration of HK$100,316,000, of which HK$6,472,000 representing the par value of the shares of the Company, was credited to the Company's share capital and the remaining deemed consideration of HK$93,844,000 before issuing expenses was credited to share premium account.

18 ACQUISITION OF SUBSIDIARIES

(a) Acquisition of assets through acquisition of Gold & Silver Holdings Limited ("Gold & Silver")

On 16 June 2017, the Group entered into a non-legally binding memorandum of understanding with an independent third party vendor to acquire Gold & Silver, which holds a residential property located in Hong Kong, at a cash consideration of HK$35,045,000. The acquisition was completed in October 2017.

The above transaction was accounted for as purchase of assets and liabilities rather than as business combination because the acquired entities and assets did not constitute the carrying on of a business. The net outflow of cash and cash equivalents from the acquisition has been reflected in the consolidated statement of cash flows as part of the cash flow movement of the individual assets and liabilities acquired.

The fair values of the identifiable assets and liabilities of Gold & Silver as at the date of acquisition were as follows:

	2018 ***HK$'000***
Property, plant and equipment	**1**
Investment property	**34,999**
Deposits	**45**
Total identifiable net assets at fair value	**35,045**
Satisfied by cash	**35,045**

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of Gold & Silver is as follows:

	2018 ***HK$'000***
Cash consideration	**35,045**
Cash and bank balances acquired	**—**
Net outflow of cash and cash equivalents in respect of the acquisition of Gold & Silver	**35,045**

(b) Acquisition of Filmko Pictures (Hong Kong) Co., Limited ("Filmko Pictures")

On 27 October 2017, the Group entered into a sale and purchase agreement with an independent third party to acquire Filmko Pictures, which is principally engaged in the film distribution business in Hong Kong, and holds the sole distributorship and rights in respect of four films in Hong Kong and the exclusive film distribution right around the world except for the PRC for fifteen years.

The fair values of the identifiable assets and liabilities of Filmko Pictures as at the date of acquisition were as follows:

	2018
	HK$'000
Intangible asset	**1,690**
Due from the former holding company	**11,939**
Cash and bank balances	**625**
Deferred income	**(4,074)**
Tax payable	**(149)**
Total identifiable net assets at fair value	**10,031**
Goodwill	**969**
Satisfied by cash	**11,000**

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of Filmko Pictures is as follows:

	2018
	HK$'000
Cash consideration	**11,000**
Cash and bank balances acquired	**(625)**
Net outflow of cash and cash equivalents in respect of the acquisition of Filmko Pictures	**10,375**

(c) Acquisition of Capital Real Estate Development Limited ("Capital Real Estate")

On 25 April 2017, the Group entered into a sales and purchase agreement with independent third parties to acquire a target company, Capital Real Estate, which is principally engaged in the money lending business in Hong Kong by holding a money lender's licences, at a consideration of HK$607,000.

The fair values of the identifiable assets and liabilities of Capital Real Estate as at the date of acquisition were as follows:

	2018
	HK$'000
Cash and bank balances	**131**
Deposit paid	**43**
Due to fellow subsidiaries	**(167)**
Total identifiable net assets at fair value	**7**
Goodwill	**600**
Satisfied by cash	**607**

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of Capital Real Estate is as follows:

	2018
	HK$'000
Cash consideration	**607**
Cash and bank balances acquired	**(131)**
Net outflow of cash and cash equivalents in respect of the acquisition of Capital Real Estate	**476**

19. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Grand River Investment Limited ("Grand River")

On 25 January 2018, the Group entered into a disposal agreement with an investment holding company wholly-owned by Mr. Hui Leung Wah, the former chairman of the Board and a former executive director of the Company ("Mr. Hui"), to dispose (the "Grand River Disposal") of its entire interest in Grand River, a wholly-owned subsidiary of the Company, for a total consideration of HK$79,000,000. The subsidiary owned a residential property in Hong Kong. The Grand River Disposal was completed in March 2018.

	2018
	HK$'000
Net assets disposed of:	
Property, plant and equipment	**17,040**
Prepayments and deposits	**21**
Due to a fellow subsidiary	**(17,907)**
Deferred tax liabilities	**(723)**
	(1,569)
Assignment of the loan due from Grand River	**17,907**
	16,338
Gain on disposal of a subsidiary	**62,662**
Total consideration	**79,000**
Satisfied by:	
Cash and cash equivalents	**79,000**

An analysis of the net inflow of cash and cash equivalents in respect of the Grand River Disposal is as follows:

	HK$'000
Cash consideration	**79,000**
Cash and bank balances disposed of	**—**
Net inflow of cash and cash equivalents in respect of the Grand River Disposal	**79,000**

(b) Disposal of Jet Kingdom Machinery Technology Company Limited ("Jet Kingdom")

During the year ended 31 March 2016, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire equity interest in Jet Kingdom (the "Jet Kingdom Disposal"), a wholly-owned subsidiary of the Company, for a consideration of RMB26,000,000 (equivalent to HK$31,078,000). The Jet Kingdom Disposal was completed in May 2016. Upon the completion, Jet Kingdom ceased to be a subsidiary of the Company. The net assets of Jet Kingdom at the date of disposal were as follows:

	2017
	HK$'000
Net assets disposed of:	
Property, plant and equipment	6,433
Prepaid land lease payments	3,872
Inventories	1,946
Other payables and accruals	(431)
	11,820
Exchange fluctuation reserve	(3,048)
	8,772
Gain on disposal of a subsidiary	22,306
Consideration	31,078
Satisfied by:	
Cash and cash equivalents	31,078

An analysis of the net inflow of cash and cash equivalents in respect of the Jet Kingdom Disposal is as follows:

	HK$'000
Cash consideration	31,078
Cash and bank balances disposed of	—
Net inflow of cash and cash equivalents in respect of the Jet Kingdom Disposal	31,078

(c) Disposal of Million Wave Limited ("Million Wave")

In October 2016, the Group entered into a disposal agreement with a company in which Mr. Hui is the beneficial owner (the "Purchaser"), to dispose (the "Million Wave Disposal") of its entire equity interests in Million Wave, a wholly-owned subsidiary of the Company, for a cash consideration of HK$187,000,000. The Group also entered into a leaseback agreement, whereby the Group leased the properties back from the Purchaser for its own use for 2 years commencing on the completion of the transaction in January 2017. The Million Wave Disposal was completed in January 2017. Upon completion, Million Wave ceased to be a subsidiary of the Company. The net assets of Million Wave at the date of disposal were as follows:

	2017
	HK$'000
Net assets disposed of:	
Property, plant and equipment	43,860
Prepaid land lease payments	3,839
Investment properties	67,082
Prepayments and other receivables	218
Other payables and accruals	(1,732)
Due to shareholders	(45,584)
Tax payable	(647)
Deferred tax liabilities	(4,387)
	62,649
Assignment of shareholder's loan	45,584
	108,233
Gain on disposal of a subsidiary	78,767
Consideration	187,000
Satisfied by:	
Cash and cash equivalents	187,000

An analysis of the net inflow of cash and cash equivalents in respect of the Million Wave Disposal is as follows:

	HK$'000
Cash consideration	187,000
Cash and bank balances disposed of	—
Net inflow of cash and cash equivalents in respect of the Million Wave Disposal	187,000

20. EVENTS AFTER THE REPORTING PERIOD

On 21 June 2018, Pride Success Enterprises Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, entered into the second supplemental agreement with Alex Film Limited (the "Vendor") and Mr. Wong Hoi Fung (the "Guarantor") to amend and supplement certain terms of the sales and purchase agreement dated 22 January 2018 (as amended by the first supplemental agreement dated 11 April 2018), pursuant to which the parties agreed in the second supplemental agreement to (i) amend the sale shares from 6,000 shares, representing 60% of all the shares issued by the Filmko Culture Limited (the "Target Company") to 2,500 shares, representing 25% of all the shares issued by the Target Company and (ii) remove the sale and purchase of the shareholder's loan from the acquisition. Upon completion, the Purchaser will hold 25% of all the shares issued by the Target Company and each member of the Target Company and its subsidiaries (the "Target Group") will become an associated company of the Company. The Target Group is principally engaged in the business of films distribution in the PRC and has distributed various films produced or released by Filmko Pictures Co., Limited. At the date of this announcement, the acquisition has not yet been completed. For further details of the aforesaid acquisition, please refer to the announcement of the Company dated 21 June 2018.

DIVIDEND

The Board of the Company does not recommend the payment of any dividend for the year ended 31 March 2018 (2017: Nil) at the forthcoming annual general meeting of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the financial year ended 31 March 2018, the Group recorded a loss before tax of approximately HK$13.9 million, including gains made from the disposal of a subsidiary amounting to approximately HK$62.7 million and an operating loss of approximately HK$76.6 million. The loss attributable to the owners of the Company for the year ended 31 March 2018 was approximately HK$14.1 million (2017: profit attributable to the owners of the Company of approximately HK$8.0 million).

Total revenue for the financial year was approximately HK$111.8 million. Compared to approximately HK$136.2 million recorded for the year ended 31 March 2017, it represents a decrease of approximately 18.0%. Total revenue was comprised of 5 segments, the manufacturing and trading of optical frames and sunglasses, property investment, debts and securities investment, money lending and film distribution. The lion's share of total revenue came from the sales of optical frames and sunglasses. This was reduced by approximately HK$38.1 million to approximately HK$91.5 million (2017: HK$129.6 million) or approximately 29.4%. For property investment, rental income decreased from approximately HK$5.6 million in 2017 to approximately HK$2.0 million in 2018, however, it remains relatively insignificant to the Group's operation. Eyewear sales noticeably declined due to weak market conditions and a downsizing in production. European customers, probably affected by the weaker Euro and the consistently poor Eurozone economies, bought approximately 47.7% less from the Group, comparing with last year. Sales from American customers were also examined and saw a reduction of approximately 19.5%. European sales accounted for 27.1% seconded by American sales at 45.5%.

During the financial year, the Group adopted a cost control policy and has focused on raising operation efficiency through work reorganization. As the Group had to spend on the one-off redundancy payment in the year (approximately HK$24 million) (which had resulted in the Group's number of employees decreased from 1,073 to 464 from 2017 to 2018) and that the Group has commenced business on more business segments, this led to the enlarged the general and administrative expenses in the current year comparing to the previous year.

For investments in listed securities, gain of approximately HK$15.1 million (2017: HK$1.0 million) was recorded in the financial year under review. The fair value of the Group's securities investment amounted to approximately HK$10.9 million as at 31 March 2018. The management will continue to adopt prudent approach in investment and monitor the stock markets closely. The Group will cautiously search for investment opportunities.

The Group's money lending business has been steady since the acquisition of a subsidiary with a money lender's licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) in April 2017. There was a loan portfolio in Hong Kong with an aggregate principal amount of HK$34.6 million as at 31 March 2018. The Group recognized interest income of approximately HK$2.5 million and a segment profit before tax of approximately HK$1.4 million in the year under review. The Group adopted a prudent management policy, with the money lending business continuously carrying out regular review of credit risk over the existing borrowers. The Group will proactively explore customers with good quality to expand its business scale, it will continue to adopt a prudent credit risk management strategy to ensure healthy development in its money lending business.

In October 2017, the Group commenced a new business segment of films distribution through acquisition of the entire equity interest of Filmko Pictures. During the year, the Group recorded a distribution income of approximately HK$0.8 million.

The Group completed the acquisition of the entire issued share capital of Gold & Silver Holdings Limited, which owns a residential property with a total gross floor area of approximately 4,200 square feet in Tai Po at a consideration of HK$35 million on 26 October 2017.

On 25 January 2018, the Company agreed to sell to Raising King Ventures Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Hui Leung Wah, a former executive director of the Company who retired on 28 September 2017, the entire issued share capital in Grand River Investment Limited ("Grand River"), an indirect wholly-owned subsidiary of the Company, together with all obligations, liabilities and debts owing or incurred by Grand River to Elegance Optical Manufactory Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company, amounted to approximately HK$17.9 million, at a total cash consideration of HK$79 million. The said transaction has been completed on 23 March 2018. For details of the aforesaid disposal, please refer to the announcements of the Company dated 25 January 2018, 14 February 2018, 23 March 2018, as well as the circular of the Company dated 5 March 2018.

Prospect

The eyewear business will remain to be run under a challenging environment. Apart from implementing cost cutting measures and improving production efficiency through work reorganization, the Group will continue to develop its own branded eyewear and accessories business with a view to broadening its client base and revenue source.

While the money lending business has been growing well with satisfactory return, the Group will adopt a prudent approach in granting loans on a selective basis with the aim of achieving an optimal balance between risk and return.

The film distribution business for Hong Kong and territories around the world except for the PRC acquired in October 2017 showed good performance due to the distribution of the film "The Monkey King 3"《西遊記之女兒國》in February 2018. The Group believes the cultural/entertainment industry, in particular the film industry, in the PRC has vast growth potential as the box office of films in the PRC rose from approximately RMB17.1 billion in 2012 to approximately RMB55.9 billion in 2017, representing a compound annual growth rate of approximately 26.7%. As such, the Group announced to acquire 25% interest in Filmko Culture Limited, the holding company of a major film distributor in the PRC, in June 2018. Further details of the acquisition are set out in the paragraph headed "Events After the Reporting Period" below. In order to tap into the fast growing cultural/entertainment market in the PRC, the Group made a small scale investment in a television programme series in the PRC with guarantee return. Should suitable opportunities arise, the Group intends to make further investments in other television programmes and films as well as other opportunities in the cultural/entertainment sector.

Going forward, the Group will continue to identify and explore other investments and business opportunities to broaden its asset and revenue base as well as to enhance its value to shareholders.

EVENTS AFTER THE REPORTING PERIOD

On 21 June 2018, Pride Success Enterprises Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, entered into the second supplemental agreement with Alex Film Limited (the "Vendor") and Mr. Wong Hoi Fung (the "Guarantor") to amend and supplement certain terms of the sales and purchase agreement dated 22 January 2018 (as amended by the first supplemental agreement dated 11 April 2018), pursuant to which the parties agreed in the second supplemental agreement to (i) amend the sale shares from 6,000 shares, representing 60% of all the shares issued by the Filmko Culture Limited (the "Target Company") to 2,500 shares, representing 25% of all the shares issued by the Target Company and (ii) remove the sale and purchase of the shareholder's loan from the acquisition. Upon completion, the Purchaser will hold 25% of all the shares issued by the Target Company and each member of the Target Company and its subsidiaries (the "Target Group") will become an associated company of the Company. The Target Group is principally engaged in the business of films distribution in the PRC and has distributed various films produced or released by Filmko Pictures Co., Limited. At the date of this announcement, the acquisition has not yet been completed. For further details of the aforesaid acquisition, please refer to the announcement of the Company dated 21 June 2018.

Liquidity and Financial Resources

The Group's financial position with cash and cash equivalents of approximately HK$138.8 million (2017: HK$162.0 million), short-term borrowings of approximately HK$11.1 million (2017: HK$46.6 million) and the debt to equity ratio (expressed as a percentage of non-current liabilities over equity attributable to owners of the Company) is approximately 2.0% as at 31 March 2018 (2017: 1.0%). The non-current liabilities of the Company comprised of deferred tax liabilities, deposit received and obligation under finance lease amounting to approximately HK$2.1 million, HK$4.6 million and HK$0.6 million respectively (2017: HK$2.6 million, HK$0.1 million and Nil) which came up a total amount of approximately HK$7.3 million as at 31 March 2018 (2017: HK$2.7 million). The Group's equity attributable to owners of the Company as at 31 March 2018 amounted to approximately HK$362.0 million (2017: HK$265.7 million).

Charges on Group's Assets

As at 31 March 2018, the Group's banking facilities (the "Banking Facilities") amounted to approximately HK$70 million, of which import loans of approximately HK$1 million were utilised at the end of the financial year, and were secured by a fixed deposit amounting to approximately HK$70 million provided by one of the subsidiaries' director. As at 31 March 2017, one of the Group's land and building with carrying amount and market value of approximately HK$17.6 million and approximately HK$79 million respectively was pledged to a bank for a general banking facilities to an extent of HK$60.0 million. The Company had provided corporate guarantees up to a maximum amount of HK$60.0 million to secure the general banking facilities granted to its subsidiaries and an amount of approximately HK$46.6 million had been utilized by its subsidiaries.

Subsequent to the end of the reporting period, in April 2018, the Banking Facilities were terminated and the Group negotiated for new banking facilities under which one of the subsidiaries' director provided a fixed deposit of HK$3 million to secure for a facility of HK$3 million granted to the Group.

SIGNIFICANT DISPOSALS

Disposal of Grand River, a wholly-owned subsidiary in Hong Kong, a connected transaction under the Listing Rules

At the special general meeting held on 21 March 2018, an ordinary resolution was passed by the independent shareholders which approved a connected transaction, in which Elegance Group Limited (the "Vendor"), a wholly-owned subsidiary of the Company incorporated in the British Virgin Island with limited liability, entered into the disposal agreement with Raising King Ventures Limited (the "Purchaser"), wholly-owned by Mr. Hui Leung Wah, a former executive Director who retired on 28 September 2017, incorporate in the British Virgin Islands with limited liability in relation to the sale and purchase of all issued shares in Grand River and all obligations, liabilities and debts (the "Sale Loan") owing or incurred by Grand River to Elegance Optical Manufactory Limited at a total consideration of HK$79 million. The Sale Loan amounted to approximately HK$17.9 million. This transaction was completed on 23 March 2018.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2018, the Company had no capital commitments, which were contracted but not provided for, in respect of acquisition of property, plant and equipment (2017: Nil). As at 31 March 2018, the Company had no contingent liabilities (2017: HK$57.2 million) in respect of corporate guarantees given to banks for the general banking facilities granted to its subsidiaries.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2018, the Group employed 464 (2017: 1,073) 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.

SIGNIFICANT INVESTMENTS HELD

As at 31 March 2018, the Group had securities investments with a market value of approximately HK$10.9 million (2017: HK$38.1 million), representing an investment portfolio of 3 listed securities in Hong Kong. The Group recorded an unrealized fair value gains of approximately HK$1.2 million (2017: HK$1.0 million) in respect of the securities investments at the end of financial year. The details of the securities investments as at 31 March 2018 are as follows:

Company name	Stock code	Number of shares held	% of shareholdings	Unrealized gain/(loss) on fair value change for the year	Cost of acquisition/ fair value brought forward from 31 March 2017	Fair value as at 31 March 2018	% of net asset of the Group as at 31 March 2018	Principal activities
				HK$'000	*HK$'000*	*HK$'000*		
金匯教育集團有限公司 Goldway Education Group Limited	8160	20,796,000	3.98%	1,248	9,566	10,814	2.99%	Provision of tutoring services to secondary school students and primary school students in Hong Kong.
電訊盈科有限公司 PCCW Limited	8	16,000	0.00%	(1)	73	72	0.0%	Provision of telecommunication services, internet and multimedia services, sales and rental of equipment and technical services. Investment in and development of infrastructure, properties and technology related business.
香港電訊信託與香港電訊有限公司 HKT Trust and HKT Limited	6823	694	0.00%	0	7	7	0.0%	Provision of telecommunications and related services which include local telephone, local data and broadband, international telecommunications, mobile, customers premises equipment sales, outsourcing, consulting and contract centers.
				1,247	9,646	10,893		

During the financial year under review, dividend of HK$144,000 were received from 4 listed securities disposed of during the year.

CORPORATE GOVERNANCE PRACTICES

The statement of corporate governance practices set out below and information incorporated by reference constitutes the corporate governance report of the Company.

The Board is committed to applying high standard of corporate governance practices and procedures in fulfilling its responsibilities. It is the belief of the Board that shareholders can maximize their benefits from good corporate governance. The Company has always recognized the importance of transparency and accountability. The Group has adopted the code provisions as 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 as its own code of corporate governance practices. The directors of the Company (the "Directors") consider that the Company has complied with the Code throughout the year ended 31 March 2018, except for the following deviations:

Code provision A.2.1 and E.1.2

Code provision A.2.1 and E1.2 stipulates that (i) the roles of chairman and chief executive should be separate and should not be performed by the same individual; and (ii) the chairman of the board should attend the annual general meeting. The Company does not have any officer with the title "chief executive" under the Board. Mr. Hui Leung Wah assumed the role of both Chairman and Managing Director of the Company and he was in charge of the overall management of the Company as there were no separate Chairman and Managing Director up to his resignation and retirement as a chairman and an executive director on 19 July 2017 and 28 September 2017 respectively. Mr. Hui Leung Wah attended the annual general meeting on 28 September 2017.

Code provision A.2

The Board currently has not appointed any Director as its Chairman. The Board will review the present situation in the coming regular meetings as appropriate.

Code provision A.4.1

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Each of the existing non-executive directors of the Company does not have a specific term of appointment but is subject to retirement by rotation and re-election at the annual general meetings pursuant to the Bye-laws of the Company. The Bye-laws require that every director will retire from office no later than the third annual general meeting of the Company after he was last elected or re-elected. Further, any person appointed by the Board to fill a casual vacancy or as an additional director (including non-executive director) will hold office only until the next general meeting and will then be eligible for re-election. As such, the Board considers that such requirements are sufficient to meet the underlying objectives of the relevant code provision and therefore does not intend to take any remedial steps in this regard.

DIRECTORS' SECURITIES TRANSACTIONS

Model Code for Securities Transactions by Directors

The Company has adopted a code of conduct (the "Code of Conduct") regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all directors of the Company, the Company has received confirmations from all of them that they have complied with the required standards set out in the Model Code and the Code of Conduct throughout the year ended 31 March 2018.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established in 1999 and its terms of reference were amended by the Board and became effective on 23 February 2016 and 1 March 2016, respectively. As at 31 March 2018, the Audit Committee currently consists of three independent non-executive directors, namely, Mr. Wan Kin Man, Tony (Chairman), Mr. Chan Ming Kei and Mr. Chen Youchun. Mr. Wan Kin Man, Tony and Mr. Chan Ming Kei have appropriate professional qualifications or accounting or related financial management expertise as prescribed by the Listing Rules. None of them is employed by or otherwise affiliated with former or existing auditors of the company.

The main duties and functions of the Audit Committee include but not limited to review of the relationship between the Company and its external auditors, review of the Group's financial information, oversight of the Group's financial reporting system, risk management and internal control systems, and performance of the corporate governance functions delegated by the Board, assessment on any potential special risks to be encouraged by the Company and review of the effectiveness of the internal control system.

The Audit Committee held four meetings during the financial year. Minutes of the Audit Committee are kept by the duly appointed secretary of the Audit Committee and the copies of the minutes are sent to all members of the Audit Committee. The outcomes of the Audit Committee meetings were submitted to the Board for consideration and action where appropriate.

The accounting principles and practices adopted by the Group and the annual results for the year ended 31 March 2018 have been reviewed by the Audit Committee.

During the meetings held in the year and up to the date of this report, the Audit Committee had performed the following work:

1. reviewed the Group's consolidated financial statements for the year ended 31 March 2017 and 2018 and the related annual results announcement with a recommendation to the Board for approval.

2. reviewed the relevant disclosures made in the Directors' Report of the Annual Report.

3. reviewed the Corporate Governance Report, which was included in the Annual Report.

4. met with the external auditors and discussed the audit findings reported by external auditors.

5. assessed broadly any special risks faced by the Group and reviewed the effectiveness of the internal control system of the Group through an engagement with an independent advisor. Based on the assessment and findings from the review conducted by the independent advisor as at the date of this report, it was concluded that the Group operated at a manageable risk level and kept on improving the management system.

6. reviewed the Group's consolidated financial statements for the six months ended 30 September 2017 and the interim results announcement with a recommendation to the Board for approval.

7. reviewed the Group's policies and practices on corporate governance and made recommendations to the Board.

8. reviewed the findings and recommendations submitted by the Group's Internal Audit Department.

9. reviewed the reports including the 2018 audit planning report and the management letters submitted by the external auditor.

10. considered the 2018 audit fees with a recommendation to the Board for approval.

11. accepted the Board's delegation of the responsibility of overseeing the risk management system of the Group.

12. considered those topics, which were requested by the Board and reviewed those relevant documents.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the financial 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.

USE OF PROCEEDS

On 26 September 2017, 64,720,000 ordinary shares were issued at the subscription price of HK$1.55 per share by way of placement for an aggregate consideration of HK$100,316,000. The net proceeds from the placing on 26 September 2017 (the "Listing Date") were approximately HK$97.4 million. The net proceeds from the Listing Date to 31 March 2018 had been applied as follows:

	Planned use of proceeds *HK$ million*	Actual use of proceeds up to 31 March 2018 *HK$ million*
1. Finance the balance of the consideration for the potential acquisition of a property as announced by the Company on 16 June 2017 and 8 August 2017	31.5	31.5
2. General working capital/money lending business/future possible investment opportunities	65.9	42.7

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 2018.

PUBLICATION OF ANNUAL REPORT

The 2018 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
Liu Shufeng
Executive Director

Hong Kong, 28 June 2018

As at the date of this announcement, the executive Directors are Ms. Wong Chi Yan, Ms. Liu Shufeng and Ms. Ma Yilin, the non-executive Director is Mr. Wang Jijun and the independent non-executive Directors are Mr. Chan Ming Kei, Mr. Wan Kin Man, Tony and Mr. Chen Youchun.