ASCENT INTERNATIONAL HOLDINGS LIMITED
中璽國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 264)

ANNUAL RESULTS ANNOUNCEMENT FOR THE NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

The board (the "Board") of directors (the "Directors") of Ascent International Holdings Limited (the "Company") is pleased to announce the audited annual results of the Company and its subsidiaries (the "Group") for the nine-month period ended 31 December 2016 as follows:–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period from 1 April 2016 to 31 December 2016

	Notes	**For the period from 1 April 2016 to 31 December 2016** *HK$'000*	For the year ended 31 March 2016 *HK$'000*
Revenue	*2*	**83,256**	128,259
Cost of sales		**(54,003)**	(96,590)
Gross profit		**29,253**	31,669
Other income and gains		**281**	3,801
Selling and distribution costs		**(20,954)**	(28,593)
Administrative and other operating expenses		**(19,288)**	(31,448)
Impairment loss on property, plant and equipment		**–**	(1,660)

	Notes	For the period from 1 April 2016 to 31 December 2016 HK$'000	For the year ended 31 March 2016 HK$'000
Loss before income tax expense	*3*	**(10,708)**	(26,231)
Income tax expense	*4*	**(87)**	(1,821)
Loss for the period/year attributable to owners of the Company		**(10,795)**	(28,052)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale investments		**–**	(516)
Exchange differences arising on translation of financial statements of operations outside Hong Kong		**(711)**	(2,591)
Transfer of fair value gain to profit or loss upon disposal of available-for-sale investments		**–**	(1,621)
Other comprehensive income for the period/year		**(711)**	(4,728)
Total comprehensive income for the period/year attributable to owners of the Company		**(11,506)**	(32,780)
Loss per share	*5*		
– Basic		**(HK3.10 cents)**	(HK8.31 cents)
– Diluted		**(HK3.10 cents)**	(HK8.31 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Notes	31 December 2016 HK$'000	31 March 2016 HK$'000
Non-current assets			
Property, plant and equipment		**963**	1,254
Deposits paid		**3,260**	4,478
		4,223	5,732
Current assets			
Inventories		**35,512**	40,488
Trade and bills receivables	6	**13,131**	8,244
Other receivables, deposits and prepayments		**5,124**	1,858
Amount due from a fellow subsidiary		**5**	–
Tax recoverable		**265**	276
Bank balances and cash		**21,475**	24,008
		75,512	74,874
Current liabilities			
Trade payables	7	**5,531**	6,285
Other payables and accrued charges		**13,654**	11,494
Amount due to a director		**121**	–
Amounts due to fellow subsidiaries		**4,180**	11
Amount due to an intermediate holding company		**5,590**	590
		29,076	18,380
Net current assets		**46,436**	56,494
Total assets less current liabilities		**50,659**	62,226
Non-current liabilities			
Deferred tax liabilities		**–**	61
Total net assets		**50,659**	62,165
Capital and reserves attributable to owners of the Company			
Share capital		**3,479**	3,479
Reserves		**47,180**	58,686
Total equity		**50,659**	62,165

Note:

1. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

(a) Adoption of amendments to HKFRSs – first effective on 1 April 2016

A number of amendments to HKFRSs are first effective for the current accounting period of the Group. The adoption of these amendments to HKFRSs has no material impact on the Group's consolidated financial statements.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[2]
HKFRS 16	Leases[3]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019

Amendments to HKAS 7 – Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

HKFRS 9 – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Amendments HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

2. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision makers that are used to make strategic decisions.

The Group has two reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

Manufacturing business – Manufacturing and distribution of leather products
Retail business – Retail of fashion apparel, footwear and leather accessories

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision makers for assessment of segment performance.

(a) Reportable segments

	Manufacturing business		**Retail business**		**Total**	
	For the period from 1 April 2016 to 31 December 2016	For the year ended 31 March 2016	**For the period from 1 April 2016 to 31 December 2016**	For the year ended 31 March 2016	**For the period from 1 April 2016 to 31 December 2016**	For the year ended 31 March 2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**59,477**	96,877	**23,779**	31,382	**83,256**	128,259
Inter-segment revenue	**6,313**	7,976	**–**	–	**6,313**	7,976
Reportable segment revenue	**65,790**	104,853	**23,779**	31,382	**89,569**	136,235
Reportable segment loss	**(48)**	(16,510)	**(3,340)**	(6,627)	**(3,388)**	(23,137)
Depreciation of property, plant and equipment	**175**	265	**48**	1,510	**223**	1,775
Impairment loss on property, plant and equipment	**–**	–	**–**	1,660	**–**	1,660
Write-down/(reversal of write-down) of inventories	**517**	5,273	**(147)**	(1,009)	**370**	4,264
Additions to property, plant and equipment	**34**	115	**1**	2,639	**35**	2,754
Reportable segment assets	**58,177**	64,609	**14,574**	14,197	**72,751**	78,806
Reportable segment liabilities	**14,229**	14,841	**1,101**	1,181	**15,330**	16,022

(b) **Reconciliation of reportable segment revenues, loss, assets and liabilities**

	For the period from 1 April 2016 to 31 December 2016 *HK$'000*	For the year ended 31 March 2016 *HK$'000*
Revenue		
Reportable segment revenue	**89,569**	136,235
Elimination of inter-segment revenue	**(6,313)**	(7,976)
Consolidated revenue	**83,256**	128,259
Loss before income tax expense		
Reportable segment loss	**(3,388)**	(23,137)
Elimination of inter-segment gains	**(973)**	(410)
Interest income	**42**	1,608
Dividend income from available-for-sale investments	**–**	207
Gain on disposal of available-for-sale investments	**–**	1,621
Unallocated corporate expenses *(Note (i))*	**(6,389)**	(6,120)
Consolidated loss before income tax expense	**(10,708)**	(26,231)
Depreciation of property, plant and equipment		
Reportable segment depreciation	**223**	1,775
Depreciation of unallocated property, plant and equipment	**76**	133
Consolidated depreciation of property, plant and equipment	**299**	1,908
Additions to property, plant and equipment		
Reportable segment additions	**35**	2,754
Unallocated additions to property, plant and equipment	**5**	37
Consolidated additions to property, plant and equipment	**40**	2,791
Assets		
Reportable segment assets	**72,751**	78,806
Tax recoverable	**265**	276
Unallocated corporate bank balances and cash	**3,969**	998
Unallocated deposit paid	**2,000**	–
Other unallocated corporate assets	**750**	526
Consolidated total assets	**79,735**	80,606
Liabilities		
Reportable segment liabilities	**15,330**	16,022
Amount due to a director	**121**	–
Amounts due to fellow subsidiaries	**4,180**	11
Amount due to an intermediate holding company	**5,590**	590
Deferred tax liabilities	**–**	61
Unallocated corporate liabilities *(Note (ii))*	**3,855**	1,757
Consolidated total liabilities	**29,076**	18,441

Notes:

(i) The amount represented unallocated corporate expenses that are not allocated to operating segments, including professional fees, directors' emoluments, employee costs, foreign exchange loss and other head office expenses.

(ii) The amount represented unallocated deposits received and accrued head office professional fees and staff costs.

(c) **Geographical information**

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments, i.e. property, plant and equipment.

	Revenue from external customers *(Note)*		**Property, plant and equipment**	
	For the period from 1 April 2016 to 31 December 2016	For the year ended 31 March 2016	**31 December 2016**	31 March 2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**29,296**	40,437	**498**	610
Europe	**17,855**	27,573	**–**	–
The People's Republic of China (the "PRC")	**4,363**	9,541	**465**	644
The United States of America	**13,288**	18,650	**–**	–
Other countries	**18,454**	32,058	**–**	–
Total	**53,960**	87,822	**465**	644
	83,256	128,259	**963**	1,254

Note: Revenues are attributed to countries on the basis of the customer's location.

(d) **Information about major customers**

Revenue from a major customer of the Group's manufacturing business segment accounted for 10% or more of the Group's revenue is set out below:

	For the period from 1 April 2016 to 31 December 2016	For the year ended 31 March 2016
	HK$'000	*HK$'000*
Customer A	**8,858**	N/A*

* *Revenue from Customer A during the year ended 31 March 2016 contributed less than 10% of the total revenue of the Group.*

3. LOSS BEFORE INCOME TAX EXPENSE

Loss before income tax expense is arrived at after charging/(crediting):

	For the period from 1 April 2016 to 31 December 2016 *HK$'000*	For the year ended 31 March 2016 *HK$'000*
Auditor's remuneration	**750**	580
Cost of inventories recognised as expenses	**54,003**	96,590
Employee costs, excluding directors' emoluments	**31,398**	44,818
Depreciation of property, plant and equipment	**299**	1,908
Loss on disposal of property, plant and equipment	**11**	20
Write-off on property, plant and equipment	**–**	1,660
Reversal of impairment loss on trade receivables, net	**(40)**	(125)
Write-down of inventories, net (included in cost of sales)	**370**	4,264
Foreign exchange loss, net	**52**	4,957
Interest income	**(42)**	(1,608)
Dividend income from available-for-sale investments	**–**	(207)
Gain on disposal of available-for-sale investments	**–**	(1,621)

4. INCOME TAX EXPENSE

The amount of income tax expense in the consolidated statement of comprehensive income represents:

	For the period from 1 April 2016 to 31 December 2016 *HK$'000*	For the year ended 31 March 2016 *HK$'000*
Current tax – PRC Enterprise Income Tax		
– tax for the period/year	**82**	157
– under-provision in respect of prior years	**66**	343
	148	500
PRC withholding tax	**–**	1,321
Deferred tax	**(61)**	–
Income tax expense	**87**	1,821

No provision for Hong Kong Profits Tax has been made as the Group has sustained estimated tax losses for the period from 1 April 2016 to 31 December 2016 and year ended 31 March 2016.

PRC Enterprise Income Tax rate for the Company's subsidiaries in the PRC is 25% (for the year ended 31 March 2016: 25%).

PRC withholding tax for the period from the year ended 31 March 2016 was calculated at 10% on the dividend distributed by a subsidiary of the Company in the PRC to its overseas immediate holding company. No PRC withholding tax was paid during the period from 1 April 2016 to 31 December 2016 as there was no dividend distributed by the subsidiaries of the Company in the PRC.

5. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the Group's loss for the period from 1 April 2016 to 31 December 2016 of approximately HK$10,795,000 (year ended 31 March 2016: HK$28,052,000) attributable to owners of the Company and the weighted average number of approximately 347,904,000 (year ended 31 March 2016: 337,488,000) ordinary shares in issue during the period from 1 April 2016 to 31 December 2016.

For the period from 1 April 2016 to 31 December 2016, basic and diluted loss per share are equal as there are no potential dilutive ordinary shares in issue for the period. For the year ended 31 March 2016, the computation of diluted loss per share did not assume the exercise of the Company's outstanding share options as the outstanding share options had an anti-dilutive effect on the basic loss per share for that year.

6. TRADE AND BILLS RECEIVABLES

	31 December 2016	31 March 2016
	HK$'000	*HK$'000*
Trade and bills receivables	**13,885**	9,038
Less: impairment loss	**(754)**	(794)
	13,131	8,244

Customers are generally granted with credit terms of 30 to 90 days. The ageing analysis of trade and bills receivables based on invoice date (net of impairment loss) at the end of reporting period is as follows:

	31 December 2016	31 March 2016
	HK$'000	*HK$'000*
Less than 30 days	**6,291**	4,643
31 to 60 days	**5,296**	612
61 to 90 days	**685**	1,965
91 to 120 days	**2**	501
121 to 365 days	**854**	438
More than 365 days	**3**	85
	13,131	8,244

As at 31 December 2016, trade and bills receivables of approximately HK$10,899,000 (31 March 2016: HK$4,549,000) are neither past due nor impaired. Trade and bills receivables that are neither past due nor impaired related to customers for whom there is no recent history of default.

7. TRADE PAYABLES

The ageing analysis of trade payables at the end of reporting period is as follows:

	31 December 2016	31 March 2016
	HK$'000	*HK$'000*
Less than 30 days	**2,566**	3,100
31 to 60 days	**1,377**	671
61 to 90 days	**689**	1,128
91 to 120 days	**160**	1,042
121 to 365 days	**419**	174
More than 365 days	**320**	170
	5,531	6,285

8. DIVIDENDS

	For the period from 1 April 2016 to 31 December 2016	For the year ended 31 March 2016
	HK$'000	*HK$'000*
Special interim dividend of HK$Nil (for the year ended 31 March 2016: HK$0.4254) per ordinary share	**–**	147,998

The directors of the Company do not recommend the payment of interim or final dividends for the period from 1 April 2016 to 31 December 2016 and year ended 31 March 2016.

9. SIGNIFICANT EVENT DURING THE PERIOD AND AFTER THE END OF THE REPORTING PERIOD

On 13 December 2016, the Company entered into a memorandum of understanding with two individuals who are third parties independent of the Company and its connected persons (the "Vendors"), pursuant to which the Vendors intended to sell and the Company intended to acquire not less than 51% of the issued share capital of a company incorporated in Hong Kong. The consideration would be subject to further negotiation between the Vendors and the Company. There is no legally binding agreement entered into for this intended acquisition up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

The financial year end date of the Company has been changed from 31 March to 31 December starting from the financial year 2016 in order to align with the Company's financial year end date with its principal operating subsidiaries in the People's Republic of China (the "PRC") thereby streamlining the preparation of the Company's financial reporting process. Therefore, the current financial period covers a period of nine months from 1 April 2016 to 31 December 2016 which may not be entirely comparable with last year results which cover a period of twelve months.

The Group has recorded a revenue of HK$83,256,000 for the nine months ended 31 December 2016 (year ended 31 March 2016: HK$128,259,000), representing a decrease of 35.1% or approximately HK$45,003,000 as compared with the previous reporting year. Revenue contributed from manufacturing and retail business segments was approximately HK$59,477,000 and HK$23,779,000. Gross profit was approximately HK$29,253,000. There was a significant increase of gross profit margin from approximately 24.7% to approximately 35.14%. The reasons for the increase in gross profit were mainly due to lower labour costs as there was a decrease in the number of factory workers; and the reduction of factory rental as the Group ceased renting an underused factory area.

Other income and gains amounted to approximately HK$281,000, down from HK$3,801,000 in last reporting year. The decrease was primarily due to the reduction of bank interest income and the Group did not hold any available-for-sale investments during the period concerned whereas there was a realised gain on investment of HK$1,621,000 in last reporting year.

Selling and distribution costs decreased by approximately HK$7,639,000 to HK$20,954,000 for the period ended 31 December 2016 (year ended 31 March 2016: HK$28,593,000). The decrease was mainly attributable to the shorter reporting period and better control of marketing cost. Administrative and other operating expenses decrease by approximately HK$12,160,000. Despite the effect of shorter reporting period, the decrease was mainly due to significant cutback in the foreign exchange loss and the effects of better cost control.

As a result of the above, the Group recorded a net loss attributable to owners of the Company of approximately HK$10,795,000 for the period ended 31 December 2016 (year ended 31 March 2016: HK$28,052,000). Loss per share for the period ended 31 December 2016 was HK3.10 cents (31 March 2016: HK8.31 cents).

BUSINESS REVIEW

During the period ended 31 December 2016, the manufacturing and retail business segments accounted for 71.4% (31 March 2016: 75.5%) and 28.6% (31 March 2016: 24.5%) of the Group's total revenue respectively.

Manufacturing business

For the period ended 31 December 2016, the revenue of manufacturing business segment from external customers was approximately HK$59,477,000, in comparison with HK$96,877,000 in the last reporting year.

Geographically, sales to Europe decreased by approximately 35.2% from approximately HK$27,573,000 for the year ended 31 March 2016 to approximately HK$17,855,000 for the period ended 31 December 2016. Sales to Hong Kong reduced by approximately 39.1% from approximately HK$9,055,000 for the year ended 31 March 2016 to approximately HK$5,517,000 for the nine-month period ended 31 December 2016. Sales to the US decreased by approximately 28.8% from approximately HK$18,650,000 for the last reporting period to approximately HK$13,288,000. Sales in PRC market reduced by approximately 54.3% from approximately HK$9,541,000 for the year ended 31 March 2016 to approximately HK$4,363,000 for the nine months ended 31 December 2016. Apart from these major markets, sales to other countries such as Japan, Australia, Canada, India etc. decreased from approximately HK$32,058,000 for the year ended 31 March 2016 to approximately HK$18,454,000 for the nine months ended 31 December 2016.

In respect of product category, sales of belts decreased by approximately HK$36,710,000 to approximately HK$47,251,000 (year ended 31 March 2016: approximately HK$83,961,000), representing a decrease of 43.7%. The sales of leather goods and other accessories reduced by approximately HK$690,000 to approximately HK$12,226,000 (year ended 31 March 2016: approximately HK$12,916,000). In the reporting period, the Group strived to economise on expenditure and reduce the inventory level of raw materials in specific to consume the slow-moving cowhide leathers. As a result, the Group's manufacturing business segment recorded a reduction of operating loss of approximately HK$16,462,000 from HK$16,510,000 for the year ended 31 March 2016 to HK$48,000 for the nine months ended 31 December 2016.

Retail Business

For retail business, due to the adverse retail environment, and keen competition from rivals and online sales, the Group recorded a revenue of HK$23,779,000 for the nine-month period ended 31 December 2016 (year ended 31 March 2016: HK$31,382,000) which represented a 24.2% decline in comparison with the previous year. The Group's in-house brand sales-urban stranger comprised 88.7% of the period's retail sales, which was 5.1% lower than that of the previous reporting year (year ended 31 March 2016: 93.8%). Gross profit margin of this period remained high (i.e. 70.0%) as it was marginally higher than the previous year's margin (31 March 2016: 68.7%). This was mainly due to the sales of the in-house brand leather bags.

The overall shop rental to revenue ratio increased from 40.3% for the year ended 31 March 2016 to 43.1% for the nine months ended 31 December 2016. The staff cost to revenue ratio also decreased from 26.9% to 25.1%.

The retail business segment resulted in a loss of HK$3,340,000 for the nine months ended 31 December 2016 as compared to approximately HK$6,627,000 for the year ended 31 March 2016. In response to the market condition, high rental and staff cost, the Group closed down Tsuen Wan AREA 0264 retail store in October 2016 and maintained eight AREA 0264 stores (31 March 2016: nine) and one Teepee Leather workshop (31 March 2016: one) in Hong Kong.

DIVIDEND

The Board does not recommend any payment of final dividends for the period ended 31 December 2016.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2016 the Group's cash and bank deposits were approximately HK$21,475,000 as compared to approximately HK$24,008,000 as at 31 March 2016.

The Group recorded total current assets of approximately HK$75,512,000 (31 March 2016: approximately HK$74,874,000) and total current liabilities of approximately HK$29,076,000 (31 March 2016: approximately HK$18,380,000). The increase of total current assets was mainly due to the increase in trade and bills receivables and other receivables, deposits and prepayments. The current ratio of the Group, calculated by dividing the total currents assets by the total current liabilities, was approximately 2.6 times as at 31 December 2016 (31 March 2016: 4.1 times).

In view of its strong financial position and liquidity, the Group did not raise any bank loan during the period. The Group recorded shareholders' funds of approximately HK$50,659,000 (31 March 2016: approximately HK$62,165,000). The decrease was mainly attributable to loss for the period ended 31 December 2016.

TREASURY POLICY

The Group generally finances its operation with internally generated resources. Cash and bank deposits of the Group are mainly denominated in Hong Kong dollars ("HK$"), US dollars ("USD") and Renminbi ("RMB"). Transactions of the Group are mainly denominated in HK$, USD and RMB. As HK$ is pegged to USD, the Group does not expect any significant movements in the USD/HK$ exchange rate. In this regard, the Group does not expose to significant currency risk arising from USD. In addition, it is estimated that the Group's exposure to foreign exchange fluctuation in Renminbi against Hong Kong dollars would have insignificant effects on profit or loss and other component of equity of the Group. Foreign exchange forward contract can be used to eliminate the currency risk exposure. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CHARGES ON ASSETS

The Group did not have any assets pledged for general facilities granted by banks.

MATERIAL ACQUISITION AND DISPOSAL

The Group had no material acquisition or disposal for the nine months ended 31 December 2016.

HUMAN RESOURCES

As at 31 December 2016, the Group had approximately 79 employees in Hong Kong and approximately 331 workers in the PRC. The Group remunerated its employees mainly based on their individual performance. Apart from basic salaries, discretionary bonus, contribution to the statutory retirement scheme, the Group adopted a share option scheme whereby certain employees of the Group may be granted options to subscribe for shares of the Company. The share option scheme has expired on 17 February 2013.

PROSPECTS

The economic outlook of Hong Kong and worldwide continues to be lackluster. In addition to the sluggish economy in Europe, the policy towards foreign import under the new U.S. administration remains uncertain. Therefore, the export sales will remain a great challenge to the Group. As usual, the Group will continue to be cautious about the situation ahead by broaden the sources of income, striving for efficiency and economise on expenditure without compromising on the product quality.

Taking into the account of the factors such as the decrease in the visitor arrivals, the intense competition of retail market and the lack of stimulus in the local economy, the Group's retail business is expected to be stagnant. The Group will prudently review the use of its resources and continue to look for retail business opportunity.

Furthermore, the Group is exploring more business opportunities in Hong Kong and mainland China such as developing the property management services for a range of recreational properties, including hotels, resorts and theme parks. The brand management services which aims at operating business properties for travel and resort, healthcare and cultural innovation will also be the focus of the future business of the Group.

CORPORATE GOVERNANCE

The Company's corporate governance practices are based on the principles and code provisions (the "Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company has complied with the Code Provisions as set out in the CG Code during the nine-month period ended 31 December 2016 except for the deviations from the Code Provisions A.1.8, A.2.1, C.2.5 and E.1.2 in respect of the arrangement of appropriate insurance cover in respect of legal action against Directors, the separation of roles of the chairman of the Board (the "Chairman") and chief executive of the Company (the "Chief Executive Officer"), that the Group should have an internal audit function and the Chairman and the chairman of the Board committees should attend the annual general meeting of the Company respectively.

Under Code Provision A.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its directors. During the nine-month period ended 31 December 2016, the Board did not arrange insurance cover in respect of legal actions against the Directors before 10 May 2016 because Directors had always been prudent in making business decision for the Company and so the legal risk to the Directors was quite low. With effect from 10 May 2016, the Company arranged appropriate insurance cover for Directors' and officers' liabilities, which has complied with the CG Code thereafter.

Under Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. For the nine-month period ended 31 December 2016, the roles of the Chairman and Chief Executive Officer had been performed by Mr. Wu David Hang. The Board is of the view that given the small size of the existing management team, Mr. Wu David Hang has considerable experience in business development and the Board believes that the current structure will enable the Company to make and implement decisions promptly and efficiently. The Board will meet regularly to consider major matters affecting the operations of the Group. As such, the Directors consider that this structure will not impair the balance of power and authority between the Board and the management of the Group.

Under Code Provision C.2.5 of the CG Code, the Group should have an internal audit function. The Group conducted an annual review on the need for setting up an internal audit department. Given the Group's simple operating structure, instead of setting up an internal audit department, the annual review on the risk management and internal control systems of the Group has been conducted by a professional third party and reported to the members of the audit committee of the Company (the "Audit Committee"). The review covered material controls, including financial, operational and compliance controls and risk management functions of the Group. The Board is of the view that appropriate measures have been put in place to manage the risks and no major issue was raised for improvement during the review.

The improvement of the systems of risk management and internal control is an ongoing process and the Board maintains a continuing commitment to strengthen the Group's control environment and processes.

Under Code Provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting and should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. Mr. Wu David Hang (Chairman of the Board and chairman of nomination committee) and Mr. Hou Jian could not attend the annual general meeting of the Company held on 5 September 2016 due to other business engagement, however, they have appointed the other attended Directors as their representatives at the meeting to answer questions from the shareholders of the Company. In the future, the Company will try its best to encourage and ensure the Directors to attend the general meetings.

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 (the "Model Code") as its code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, the Directors have confirmed compliance with the required standard set out in the Model Code during the nine-month period ended 31 December 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the nine-month period ended 31 December 2016.

EVENTS AFTER THE NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

The Directors are not aware of any significant events requiring disclosure that has taken place subsequent to 31 December 2016 and up to the date of this announcement.

AUDIT COMMITTEE

The Company established an Audit Committee with written terms of reference in compliance with the requirements as set out in the Listing Rules for the purposes of reviewing and supervising the financial reporting process, internal controls and risk management systems of the Group. The audit committee currently comprises Mr. Ng Man Fai Matthew (Chairman), Mr. Wong Yik Chung John and Mr. Ernst Rudolf Zimmermann. The Audit Committee has reviewed and discussed with the management and the external auditor the financial reporting matters including the annual results for the nine-month period ended 31 December 2016.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "Annual General Meeting") will be held in Hong Kong on Friday, 19 May 2017 at 2:00 p.m. Notice of the Annual General Meeting will be published and issued to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 16 May 2017 to Friday, 19 May 2017, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 15 May 2017.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group's results for the nine-month period ended 31 December 2016 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's consolidated financial statements for the period. The work performed by BDO Limited 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

COMPETING INTERESTS

None of the Directors or substantial shareholders of the Company or their respective close associates (as defined in the Listing Rules) has any interest in a business which competes or might compete, either directly or indirectly, with the businesses of the Group, during the nine-month period ended 31 December 2016 and up to the date of this announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained a sufficient public float of not less than 25% of the Company's issued share as required under the Listing Rules throughout the nine-month period ended 31 December 2016 and up to the date of this announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Company (www.irasia.com/listco/hk/ascent/index.htm) and the Stock Exchange (www.hkex.com.hk). An annual report for the nine-month period ended 31 December 2016 containing all the information required by the Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and available on the same websites in due course.

APPRECIATION

On behalf of the Board, I would like to express my heartfelt gratitude to the management team and all our staff for their hard work, commitment, dedication and contribution, and all of our shareholders, valuable customers and banks for their ongoing support.

By order of the Board
Ascent International Holdings Limited
Wu David Hang
Chairman and the Chief Executive Officer

Hong Kong, 24 March 2017

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Wu David Hang and Mr. Hou Jian; one non-executive Director, namely Mr. Lui Kwok Wai; and three independent non-executive Directors, namely Mr. Wong Yik Chung John, Mr. Ernst Rudolf Zimmermann and Mr. Ng Man Fai, Matthew.