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

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(Incorporated in Bermuda with limited liability)

(Stock Code: 125)

RESULTS ANNOUNCEMENT
FINANCIAL YEAR ENDED 31 MARCH 2019

The board (the "Board") of directors (the "Directors") of Sun Hing Vision Group Holdings Limited (the "Company") is pleased to announce the results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2019.

RESULTS

The global economy was affected by various geopolitical uncertainties, which made the business environment exceptionally tough during the year under review. Despite such a backdrop, the Group recorded a growth in consolidated turnover by 22.19% to HK$1,224 million (2018: HK$1,002 million) for the year ended 31 March 2019 as a result of the modest improvement of demand for eyewear products and the commencement of the Group's new branded contact lens business. The Group's overall profitability was adversely affected by various factors such as the rising operating costs in China, but due to a higher level of consolidated turnover, the Group's profit attributable to owners of the Company increased by 12.60% to HK$72 million (2018: HK$64 million) while basic earnings per share increased to HK27 cents (2018: HK24 cents).

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	NOTES	**2019** **HK$'000**	2018 HK$'000
Revenue	3		
Goods		**1,219,930**	1,001,644
Rental		**1,968**	–
Royalty		**2,019**	–
Total revenue		**1,223,917**	1,001,644
Cost of sales		**(959,267)**	(755,939)
Gross profit		**264,650**	245,705
Other income, gains and losses	4	**15,399**	6,534
Net reversal of impairment losses		**339**	2,877
Selling and distribution costs		**(38,670)**	(35,068)
Administrative expenses		**(156,956)**	(145,076)
Share of profit (loss) of a joint venture		**865**	(264)
Interest on bank borrowings		**(878)**	–
Profit before tax		**84,749**	74,708
Income tax expense	5	**(12,230)**	(10,435)
Profit for the year	6	**72,519**	64,273
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(5,655)**	7,186
Share of other comprehensive expense of a joint venture		**(60)**	(16)
		(5,715)	7,170
Total comprehensive income for the year		**66,804**	71,443
Profit for the year attributable to:			
Owners of the Company		**72,124**	64,055
Non-controlling interests		**395**	218
		72,519	64,273
Total comprehensive income for the year attributable to:			
Owners of the Company		**66,451**	71,138
Non-controlling interests		**353**	305
		66,804	71,443
Earnings per share	8		
Basic		**HK27 cents**	HK24 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2019

	NOTES	**2019** **HK$'000**	2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**281,577**	273,207
Prepaid lease payments		**2,950**	3,041
Investment properties		**134,701**	7,401
Intangible assets		**53,364**	55,220
Interest in a joint venture		**994**	189
Deposit paid for acquisition of property, plant and equipment		**5,036**	3,391
Deposit and other payments paid for acquisition of investment properties		**–**	22,254
Deferred tax assets		**147**	687
		478,769	365,390
CURRENT ASSETS			
Inventories		**115,602**	114,561
Trade and other receivables	9	**256,457**	255,565
Prepaid lease payments		**91**	91
Derivative financial instruments		**325**	566
Tax recoverable		**3,283**	242
Bank balances and cash		**358,768**	391,383
		734,526	762,408
CURRENT LIABILITIES			
Trade and other payables	10	**199,677**	186,282
Refund liabilities		**4,056**	–
Derivative financial instruments		**152**	–
Tax payable		**6,319**	2,951
Bank borrowings		**46,508**	–
		256,712	189,233
NET CURRENT ASSETS		**477,814**	573,175
		956,583	938,565

	2019	2018
	HK$'000	*HK$'000*
CAPITAL AND RESERVES		
Share capital	**26,278**	26,278
Share premium and reserves	**927,139**	911,539
Equity attributable to owners of the Company	**953,417**	937,817
Non-controlling interests	**432**	79
	953,849	937,896
NON-CURRENT LIABILITY		
Deferred tax liabilities	**2,734**	669
	956,583	938,565

Notes:

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

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

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

Basis of consolidation

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

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

The Group reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

New and amendments to HKFRSs that are mandatorily effective for the current year

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of these new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Manufacturing and trading of eyewear products
- Trading of contact lens
- Granting license of trademarks

Summary of effects arising from initial application of HKFRS 15

The following table summarises the impact of transition to HKFRS 15 on retained profits at 1 April 2018.

	Impact of adopting HKFRS 15 at 1 April 2018
	HK$'000
Retained profits	
Products with a right to return	3,550

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2018	**Remeasurement**	**Carrying amounts under HKFRS 15 at 1 April 2018**
	HK$'000	*HK$'000*	*HK$'000*
Current Liabilities			
Refund liabilities	–	3,550	3,550
Share premium and reserves	911,539	(3,550)	907,989

Note: As the Group did not recognise any provision for products with a right of return before, the opening retained profits is adjusted accordingly on the initial application of HKFRS 15.

For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 March 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 April 2018 as disclosed above.

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019 and its consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	As reported	Adjustments	Amounts without application of HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Current Liabilities			
Refund liabilities	4,056	(4,056)	–
Share premium and reserves	927,139	4,056	931,195

Note: As at 31 March 2019, refund liabilities relating to products with a right of return were amounted to HK$4,056,000. The effect on translation reserve and retained profits was amounted to HK$76,000 and HK$4,132,000 respectively.

Impact on consolidated statement of profit and loss and other comprehensive income

	As reported	Adjustments	Amounts without application of HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Revenue	1,223,917	506	1,224,423
Exchange difference arising on translation of foreign operation	(5,655)	(76)	(5,731)

Note: For the year ended 31 March 2019, refund liabilities relating to products with a right of return were amounted to HK$506,000. The effect on translation of foreign operation recognised in other comprehensive income was amounted to HK$76,000.

Impact on the consolidated statement of cash flows

	As reported	Adjustments	Amounts without application of HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Operating activities			
Profit before tax	84,749	506	85,255
Increase in refund liabilities	506	(506)	–

2.2 HKFRS 9 "Financial Instruments"

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("ECL") for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Summary of effects arising from initial application of HKFRS 9

(a) Classification and measurement

The directors of the Company review and assess the Group's financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date, and consider that there is no change in classification and measurement on the Group's financial assets.

(b) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach which uses a lifetime ECL to measure ECL for all trade receivables. Except for those which had been determined as credit-impaired are assessed for ECL individually, the Group calculated the ECL on the remaining balances collectively by using a provision matrix, grouped by past due analysis.

ECL for other financial assets at amortised cost, including bank balances, refundable deposits, other receivables, amounts due from entities controlled by non-controlling shareholders of a subsidiary and amount due from a non-controlling shareholder of a subsidiary are measured on 12-month ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, the Group has assessed and reviewed the existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. No additional credit loss allowance was identified as the amount was insignificant.

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and an interpretation that have been issued but are not yet effective:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[1]

[1] Effective for annual periods beginning on or after 1 January 2019
[2] Effective for annual periods beginning on or after a date to be determined
[3] Effective for annual periods beginning on or after 1 January 2021
[4] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
[5] Effective for annual periods beginning on or after 1 January 2020

Except for the new HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs and the interpretation will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively by the Group, upfront prepaid lease payments will continue to be presented as investing or operating cash flows is accordance to the nature, as appropriate.

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

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of HK$53,221,000. A preliminary assessment indicates that these arrangements have met the definition of a lease. Upon application of HKFRS 16, the Group has recognised a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK$3,483,000 and refundable rental deposits received of HK$704,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 "Determining whether an Arrangement Contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC) – Int 4. Therefore, the Group has not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group elected the modified retrospective approach for the application of HKFRS 16 as lessee and has recognised the cumulative effect of initial application to opening retained profits without restating comparative information.

Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgements. The amendments also align the definition across all HKFRSs standards and will be mandatorily effective for the Group's annual period beginning on 1 April 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

A. For the year ended 31 March 2019

Disaggregation of revenue from contracts with customers

	For the year ended 31 March 2019		
Segments	**Eyewear Products**	**Contact lens**	**Others**
	HK$'000	***HK$'000***	***HK$'000***
Types of goods or services			
Manufacturing and trading of eyewear products	**1,083,351**	**–**	**–**
Trading of contact lens	**–**	**136,579**	**–**
Granting license of trademarks	**–**	**–**	**2,019**
	1,083,351	**136,579**	**2,019**
Timing of revenue recognition			
A point in time	**1,083,351**	**136,579**	**–**
Over time	**–**	**–**	**2,019**
Total	**1,083,351**	**136,579**	**2,019**

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	For the year ended 31 March 2019 Segment revenue
	HK$'000
Eyewear products	**1,083,351**
Contact lens	**136,579**
Others – royalty income	**2,019**
Revenue from contracts with customers	**1,221,949**
Others – rental income from investment properties in Hong Kong	**1,968**
	1,223,917

B. For the year ended 31 March 2018

	HK$'000
Sales of goods	1,001,644

Segment information

During the current year, due to the commencement of new business in trading of contact lens and inclusion of other businesses as principal activities, management has identified them as new operating segments under HKFRS 8 "Operating Segments". Accordingly, the Group's operating segments, based on information reported to the chief operating decision maker ("CODM"), being the executive directors of the Company, for the purposes of resources allocation and performance assessment become as follows:

Eyewear products	–	manufacturing and trading of eyewear products
Contact lens	–	trading of contact lens products
Others	–	granting license of trademarks and leasing of investment properties in Hong Kong

Information regarding the above operating segments, which are also reportable segments of the Group, is reported below.

The following is an analysis of the Group's revenue and results by operating and reportable segments:

For the year ended 31 March 2019

	Eyewear products *HK$'000*	**Contact lens** *HK$'000*	**Others** *HK$'000* *(Note)*	**Elimination** *HK$'000*	**Consolidated** *HK$'000*
SEGMENT REVENUE					
External sales	**1,083,351**	**136,579**	**3,987**	**–**	**1,223,917**
Inter-segment sales	**–**	**–**	**12,930**	**(12,930)**	**–**
	1,083,351	**136,579**	**16,917**	**(12,930)**	**1,223,917**
Segment results	**68,341**	**8,663**	**10,892**	**–**	**87,896**
Unallocated other income, gains and losses					**3,476**
Central administration costs					**(6,610)**
Share of profit of a joint venture					**865**
Interest on bank borrowings					**(878)**
Profit before tax					**84,749**

Note: Included in others was royalty income from granting license of trademarks amounted to approximately HK$14,949,000. The related inter-segment sales is amounted to approximately HK$12,930,000.

Inter-segment sales are charged at prevailing market rates or at terms determined and agreed by both parties.

For the year ended 31 March 2018, there was only one operating segment for the Group, which was manufacturing and trading of eyewear products. Financial information regarding this segment can be made by reference to the consolidated statement of profit or loss and other comprehensive income.

Segment results represent the results of each segment without allocation of certain other income, gains and losses, including bank interest income and (loss) gain on disposals of property, plant and equipment, central administration costs, including directors' salaries, interest on bank borrowings, and share of profit of a joint venture.

Geographical information

The Group's operations are located in Hong Kong and the Guangdong Province in the People's Republic of China (the "PRC"). The Group's information about its revenue from external customers analysed by place of domicile of the relevant group entity and other places are detailed below:

	Revenue from external customers	
	2019	2018
	HK$'000	*HK$'000*
Place of domicile of the relevant group entity:		
– Hong Kong	**44,527**	33,900
– The PRC	**97,382**	84,598
Other places:		
– Japan	**180,036**	42,024
– Italy	**440,662**	458,498
– United States	**309,415**	270,127
– Other countries	**151,895**	112,497
	1,223,917	1,001,644

4. OTHER INCOME, GAINS AND LOSSES

	2019	2018
	HK$'000	*HK$'000*
Other income		
– Bank interest income	**3,626**	3,194
– Sales of scrap materials	**1,308**	1,447
– Government subsidies *(Note 1)*	**576**	1,090
– Royalty income	**–**	440
– Rental income from investment properties in the PRC *(Note 2)*	**318**	394
– Others	**306**	156
	6,134	6,721
Other gains and losses		
– Fair value changes on derivative financial instruments	**(393)**	562
– (Loss) gain on disposals of property, plant and equipment	**(456)**	356
– Net foreign exchange gains (losses)	**10,114**	(1,105)
	9,265	(187)
	15,399	6,534

Notes:

1. Government subsidies mainly represent subsidies for participating in the local electricity saving scheme and employments related subsidies. They were credited to profit or loss upon receipt.

2. The amount represents rental income recognised by a PRC subsidiary of the Company that is not engaged in property rental business.

5. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
The charge comprises:		
Current tax		
– Hong Kong Profits Tax	**7,146**	9,951
– PRC Enterprise Income Tax ("EIT")	**4,110**	3,277
– United States Withholding Tax	**606**	132
	11,862	13,360
Overprovision in respect of prior years		
– Hong Kong Profits Tax	**(2,237)**	(2,820)
– PRC EIT	**–**	(656)
	(2,237)	(3,476)
Deferred taxation		
– Current year	**2,605**	551
	12,230	10,435

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, starting from the current year, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

PRC EIT is calculated at 25% of the assessable profits for subsidiaries established in the PRC in accordance with the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law. Pursuant to relevant laws and regulations in the PRC, a subsidiary of the Company is granted tax incentives for being qualified as a High and New Technology Enterprise and is entitled to a concessionary tax rate of 15% for 3 years from 2018 to 2020.

Under the Law of the United States on Income Tax, a withholding tax is required upon income earned by a non-United States resident enterprise. The withholding tax is calculated at 30% of royalty income earned in the United States for both years.

6. PROFIT FOR THE YEAR

	2019	2018
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Auditor's remuneration	**1,398**	1,358
Cost of inventories recognised as expense (inclusive of allowance for inventories of approximately HK$14,129,000 (2018: HK$14,282,000))	**943,916**	739,381
Release of prepaid lease payments	**91**	91
Depreciation and amortisation		
– depreciation of property, plant and equipment	**50,527**	49,477
– depreciation of investment properties	**3,929**	151
– amortisation of intangible assets (included in cost of sales)	**1,856**	464
	56,312	50,092
Capitalised in inventories	**(23,838)**	(23,159)
	32,474	26,933
Staff costs		
– directors' emoluments	**5,241**	5,499
– other staff costs, comprising mainly salaries	**414,925**	374,828
– retirement benefits scheme contribution excluding those of directors'	**43,461**	36,369
	463,627	416,696
Capitalised in inventories	**(366,308)**	(328,248)
	97,319	88,448

7. DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
Final, paid – HK10.0 cents per share for 2018 (2018: HK10.0 cents per share for 2017)	**26,278**	26,278
Special final, paid – HK2.0 cents per share for 2018 (2018: HK9.0 cents per share for 2017)	**5,256**	23,650
Interim, paid – HK4.5 cents per share for 2019 (2018: HK4.5 cents per share for 2018)	**11,825**	11,825
Special interim, paid – HK1.5 cents per share for 2019 (2018: HK1.5 cents per share for 2018)	**3,942**	3,942
	47,301	65,695

A final dividend of HK10.0 cents (2018: HK10.0 cents) per share in total of HK$26,278,000 (2018: HK$26,278,000) and no special final dividend (2018: HK2.0 cents per share in total of HK$5,256,000) in respect of the year ended 31 March 2019 have been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2019	2018
	HK$'000	*HK$'000*
Earnings		
Earnings attributable to owners of the Company for the purposes of basic earnings per share	**72,124**	64,055
Number of shares		
Number of ordinary shares for the purposes of basic earnings per share	**262,778,286**	262,778,286

Diluted earnings per share is not presented for the years ended 31 March 2019 and 2018 as there was no potential ordinary share outstanding during both years.

9. TRADE AND OTHER RECEIVABLES

The Group allows a credit period of 30 to 120 days to its customers. The following is an aged analysis of trade receivables based on payment due date net of allowance for credit loss (2018: doubtful debt) at the end of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
Trade receivables – goods		
Current	**226,391**	228,907
Overdue up to 90 days	**12,659**	13,492
Overdue more than 90 days	**2,602**	3,506
	241,652	245,905
Prepayments	**2,703**	2,028
Deposits	**4,403**	3,679
Value-added tax and other receivables	**7,204**	1,821
Amount due from entities controlled by non-controlling shareholders of a subsidiary *(Note)*	**488**	2,132
Amount due from a non-controlling shareholder of a subsidiary *(Note)*	**7**	–
	256,457	255,565

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

10. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables based on payment due date at the end of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
Trade payables		
Current and overdue up to 90 days	**99,175**	87,790
Overdue more than 90 days	**11,570**	11,737
	110,745	99,527
Accruals	**77,604**	74,884
Amounts due to entities controlled by non-controlling shareholders of a subsidiary *(Note)*	**–**	799
Amounts due to a non-controlling shareholder of a subsidiary *(Note)*	**–**	417
Deposit received from tenant	**704**	–
Value-added tax and other payables	**10,624**	10,655
	199,677	186,282

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

DIVIDENDS

The Directors have resolved to recommend at the forthcoming annual general meeting a final dividend of HK10.0 cents per share for the year ended 31 March 2019, to the shareholders whose names appear in the register of members of the Company at the close of business on 28 August 2019. This final dividend, together with the interim and interim special dividend of HK6.0 cents per share already paid, will make a total distribution of HK16.0 cents per share for the full year. The final dividend is expected to be paid on or about 10 September 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 12 August 2019 to 16 August 2019 (both days inclusive) and from 23 August 2019 to 28 August 2019 (both days inclusive), during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Union Registrars Limited, Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong ("Hong Kong Share Registrar") not later than 4:00 p.m. on 9 August 2019. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong Share Registrar not later than 4:00 p.m. on 22 August 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the year under review, the market demand for eyewear products continued to be volatile. As a result of the lasting trade dispute between the United States and China, market sentiment was generally pessimistic but the Group still managed to grow its original design manufacturing ("ODM") business with the United States and Europe as well as its branded eyewear distribution business with Asia. Furthermore, the Group commenced its new business for distribution of branded contact lens business in the first quarter of 2018/19 fiscal year. All of the above factors contributed to the growth of the Group's consolidated turnover by 22.19% to HK$1,224 million (2018: HK$1,002 million).

On the cost side, the Group faced pressure from the persistent increase in operating costs in China. In July 2018, the Chinese government further raised the statutory minimum wages in Dongguan and Heyuan city, where the Group's production facilities are located, by approximately 14% and 17% respectively. Since labour costs represent a significant portion of the Group's operating costs, such increases in minimum wages had profound adverse impact on the Group's profitability. Furthermore, the Group's customers in general became more cost-conscious and were highly sensitive to product pricing during the year under review. This in turn imposed pressure on the Group's profitability. As a result, for the year ended 31 March 2019, the Group recorded a decrease in gross profit margin and net profit margin to 21.62% (2018: 24.53%) and 5.93% (2018: 6.42%) respectively. Despite lower profitability, the Group's profit attributable to the owners of the Company increased by 12.60% to HK$72 million (2018: HK$64 million) due to a higher level of consolidated turnover achieved.

The ODM Business

For the year ended 31 March 2019, the Group's ODM turnover increased by 7.86% to HK$878 million (2018: HK$814 million), which represented 71.73% of the Group's total consolidated turnover. Customers were generally more proactive in inventory replenishment due to stronger retail sales in respective markets. Europe and the United States, being the top two performing markets of the Group's ODM business, both registered stable sales growth. In dollar terms, the Group's ODM turnover to Europe and to the United States increased by 2.95% to HK$524 million (2018: HK$509 million) and by 13.70% to HK$307 million (2018: HK$270 million) respectively. In terms of geographical mix, Europe and the United States accounted for 59.68% and 34.97% of the Group's total ODM turnover respectively. The Group closely monitored the product trends and swiftly adjusted its capacity to respond to the changing market demand. During the year under review, in light of the rising demand for metal frames, the Group quickly attuned its operation and appropriately raised the production capacity for metal frames to capitalize on the emerging opportunities. In terms of product mix, sales of plastic frames, metal frames and others accounted for 49%, 50% and 1% (2018: 53%, 46% and 1%) of the Group's ODM turnover respectively.

The Branded Eyewear Distribution Business

For the year ended 31 March 2019, the Group's turnover from its branded eyewear distribution business increased by 9.04% to HK$205 million (2018: HK$188 million), which accounted for approximately 16.75% of the Group's total consolidated turnover. Asia continued to be the top market of the Group's branded eyewear distribution business and accounted for 96.08% of the branded eyewear distribution business. On the one hand, the Group actively explored new distribution channels and increased its points of sales in the Asian region, especially China. On the other hand, the Group received positive market response for its agnes b. eyewear products, which were introduced to the market in preceding fiscal year. The sales performance of agnes b. eyewear products was very satisfactory in particular in areas like Japan, Hong Kong and Taiwan. This helped to further stimulate the Group's distribution turnover.

The Branded Contact Lens Business

The Group acquired the Jill Stuart trademark for eyewear and related products on 1 January 2018. In the first quarter of 2018/19 fiscal year, the Group commenced its new business to sell colour contact lens under the Jill Stuart trademark in order to fully utilize the business opportunities offered by the brand. For the year ended 31 March 2019, the turnover generated from this new contact lens business amounted to HK$137 million, which accounted for 11.19% of the Group's total consolidated turnover. Asia accounted for 100% of the Group's branded contact lens business.

Other Businesses

For the year under review, the Group received income from external parties for trademark licensing and property rental. External trademark licensing income and property rental from investment properties amounted to HK$2 million and HK$2 million respectively.

LIQUIDITY AND CAPITAL RESOURCES

The Group continued to maintain a strong liquidity and financial position. It recorded a net cash inflow of HK$138 million from operations during the year under review. The Group held a cash and bank balance of HK$359 million as at 31 March 2019, which decreased in comparison to the balance of HK$391 million as at 31 March 2018. It was mainly due to the balance payment of HK$108 million for the Group's acquisition of certain office premises located in Hong Kong (the "Property") during the 2018/19 fiscal year. Further details of the acquisition can be referred to the announcement of the Company dated 13 November 2017. To partially finance the acquisition of the Property, the Group has obtained a Hong Kong dollar floating-rate mortgage loan from a bank during the year under review, which is secured by the Property. As at 31 March 2019, the Group's total bank borrowing was approximately HK$47 million, which is repayable by installments over a period of 20 years with a repayable on demand clause. The debt-to-equity ratio (expressed as a percentage of bank borrowings over equity attributable to owners of the Company) as at 31 March 2019 was 4.88%.

As at 31 March 2019, the net current assets and current ratio of the Group were approximately HK$478 million and 2.9:1 respectively. The total equity attributable to owners of the Company increased to HK$953 million as at 31 March 2019 from HK$938 million as at 31 March 2018 after the payment of final and final special dividend for the preceding fiscal year and interim and interim special dividend for the 2018/19 fiscal year. The Group closely monitored its debt collection and implemented rigid inventory control. Accordingly, debtor turnover period and inventory turnover period were managed at a level of 72 days and 44 days respectively. The Directors are confident that the financial position of the Group will remain strong, and the Group has sufficient liquidity and financial resources to meet its present commitments and future business needs.

After considering the Group's liquidity, cash position and future business plan, the Directors have resolved to declare a final dividend of HK10.0 cents per share for the year ended 31 March 2019. The Directors will continue to monitor the dividend policy closely to ensure that an optimal balance can be achieved between the retention of sufficient liquidity in the Group to prepare for the future development ahead and the distribution of earnings to the shareholders respectively.

PROSPECTS

Looking forward, the Group anticipates that the business environment in the years to come will become even more challenging and will be full of uncertainty. First of all, market demand is expected to come across significant fluctuations due to the uncertain political weather. The Brexit issue of United Kingdom remains unresolved. Also, there is no sign that the trade disputes between the United States and China will be settled within a short period of time. Although eyewear is not included in the current list of products for the recently enacted tariff imposed on goods made in China by the government of the United States, the Group will be inevitably and adversely affected if virtually all goods made in China are subject to extra tariffs by the United States later on. This uncertain political landscape may further dampen the market sentiment and consumer confidence that in turn negatively affect the market demand for the Group's eyewear products. Secondly, in order to stay competitive in the current challenging market, the Group's customers are becoming more demanding for the Group as their business partners in terms of product development capability, delivery lead time, quality and price competitiveness. Thirdly, the operating costs in Southern China, in particular wages, are expected to rise further. The general shortage of labour there not only keeps bringing up the wage levels, but it also represents a severe restriction for growth and flexibility of the Group's manufacturing operations in the long term.

To cope with the challenges mentioned above, the Group will carry out various measures that are expected to be critical to let the Group navigate this demanding business environment. The Group will continue to maintain a highly flexible production capacity in order to prepare ahead for the volatile market demand. The level of standardization of its products and manufacturing processes will be further enhanced so that fast change-over of production lines can be ensured for wide variety of products. In light of the increasing demand from customers for an agile and stable supply chain, major aspects of the Group's operations from product development, production, logistics to back-end supporting functions will be further streamlined. The Group is committed to reduce the product and service lead time by increasing material sourcing efficiency, shortening production cycle and optimizing product delivery. We target to make ourselves an irreplaceable long-term sourcing partner of our customers.

The Group will continue to control costs with diligence. New sourcing channels will be explored to lower the material costs. Our cross-functional teams will continue to introduce projects to enhance production efficiency and further automate the Group's operations in order to minimize labor cost. Departmental spending will be monitored, analyzed and reported on a timely manner to provide prompt feedbacks to various departments for their performance. In addition, the Group will carefully manage its expenditures to ensure that resources are spent in the most cost-effective way on areas which can enhance the Group's competitive edge. Besides, debt collection and inventory management will be strengthened to release working capital to finance the Group's investment plans and any other business opportunities if identified. In addition, the Group will explore the feasibility of setting up production facilities outside of Southern China, in order to lower the costs of production via a more abundant supply of affordable workforce and to increase flexibility of our supply chain for customers.

The Directors believe that a solid brand portfolio tailored for different target markets or regions is the key for the success of its branded eyewear distribution business. For this reason, the Group regularly adjusts its brand mix by phasing out non-performing brands and/or markets so as to reserve resources for developing brands and markets with high potentials. The Group is now actively managing three licensed brands for eyewear, which includes New Balance, agnes b., Levi's and a recently acquired house brand, Jill Stuart. As per the announcement of the Company dated 9 January 2019, the Group's existing license agreement for the Levi's trademark will not be renewed and will cease after 31 December 2019. Despite the non-renewal of the Levi's license, the Group will still retain the exclusive distribution right for Levi's eyewear products in China, which is an important and growing market for the Group's existing Levi's branded products. Besides, the Group will continue to enrich its brand portfolio by seeking new licensing opportunities or obtaining brands with strong potential. In addition, the Group will further invest in enhancing the image and popularity of the newly acquired house brand, Jill Stuart, and utilize this brand asset to widen its product variety and capture new business opportunities. In the meantime, due to its highly fashion oriented and consumer discretionary nature as well as the fact that it is still in its infancy, it is expected the new branded contact lens business will be subject to volatility in the future. The Group will closely monitor the performance of the contact lens business and will take necessary measures to ensure the healthy development of this new business.

Looking forward, the business environment is expected to be full of challenges. Leveraging on our strength and expertise in the industry, we are confident that the Group will overcome these difficulties ahead and continue to create long-term value for our various stakeholders, from customers, employees, suppliers to shareholders, and deliver the objective to achieve sustainable growth in the long run.

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance with a view to enhance the management of the Company as well as to preserve the interests of the shareholders as a whole. The Board has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") and the Corporate Governance Report contained in Appendix 14 to the Listing Rules. During the year ended 31 March 2019, the Company has complied with all applicable code provisions in the CG Code which were effective during the period between 1 April 2018 to 31 March 2019, except for the deviation from Code A.2.1, of the CG Code as described below:

Code A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Mr. Ku Ngai Yung, Otis has been assuming the roles of both the chairman and chief executive officer of the Company since its establishment. The Board intends to maintain this structure in the future as it believes that it would provide the Group with strong and consistent leadership and allow the Group's business operations, planning and decision making as well as execution of long-term business strategies to be carried out more effectively and efficiently. The Board would review and monitor the situation on a regular basis and would ensure that the present structure would not impair the balance of power in the Company.

AUDIT COMMITTEE

An audit committee (the "Audit Committee") has been established by the Company with written terms of reference to act in an advisory capacity and to make recommendations to the Board. The members of the Audit Committee comprise the three independent non-executive Directors, who are Mr. Lo Wa Kei, Roy (Chairman), Mr. Lee Kwong Yiu and Mr. Wong Che Man, Eddy. Mr. Lo Wa Kei, Roy and Mr. Wong Che Man, Eddy are both qualified certified public accountants and possess the qualifications as required under rule 3.21 of the Listing Rules. None of the members of the Audit Committee is a member of the former or existing auditors of the Group. The Audit Committee has adopted the principles set out in the CG Code. The duties of the Audit Committee include review of the interim and annual reports of the Group, effectiveness of internal audit function as well as various auditing, financial reporting, risk management and internal control matters with the management and/or external auditor of the Company. The Group's consolidated financial statements for the year ended 31 March 2019 have been reviewed by the Audit Committee and audited by the Company's external auditor, Messrs. Deloitte Touche Tohmatsu.

REMUNERATION COMMITTEE

A remuneration committee (the "Remuneration Committee") was established by the Company with written terms of reference and currently comprises Mr. Lee Kwong Yiu (Chairman), Mr. Lo Wa Kei, Roy and Mr. Wong Che Man, Eddy, all of whom are independent non-executive Directors, as well as the human resources manager of the Group. The duties of the Remuneration Committee include, inter alia, making recommendations to the Board on the

Company's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

NOMINATION COMMITTEE

A nomination committee (the "Nomination Committee") was established by the Company with written terms of reference. The Nomination Committee comprises Mr. Wong Che Man, Eddy (Chairman), Mr. Lo Wa Kei, Roy and Mr. Lee Kwong Yiu, all of whom are independent non-executive Directors, as well as the human resources manager of the Group. The duties of the Nomination Committee include, inter alia, the review of the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy. Moreover, in performing the duties, the Nomination Committee shall ensure that the Board has the appropriate balance of skills, experience and diversity of perspective appropriate to the requirements of the Company's business and that the Company makes relevant disclosure in accordance with the requirements of the Listing Rules. The Company has adopted the policy related to nomination of the Directors. When a candidate is recommended and selected, decision will be made according to factors including such candidate's integrity, professional knowledge, industry experience and commitment to the Group's business in respect of time and attention. In addition, the Nomination Committee will also consider the long-term objective of the Group and the requirements as set out in Rule 3.13 of the Listing Rules. Candidates are required to make appropriate disclosure to the Board to avoid any conflict of interests. Besides, the nomination procedures and processes are required to be conducted in an objective manner in accordance with the laws of Bermuda, the Bye-laws as well as other applicable regulations.

The Company adopts policy concerning diversity of Board members. Under such a policy, selection of the candidates to the Board is based on the Company's business model and specific needs with reference to a range of diversity perspectives, including but not limited to gender, age, language, culture, education background, professional knowledge and industry experience. The Company believes that a balanced and diversified board composition will help to stimulate new ideas and enhance the quality of the Group's decision making process. For the year ended 31 March 2019, the Company maintained an effective Board comprised of members of different genders, professional background and industry experience. The Company's board diversity policy was consistently implemented.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions (the "Code"). Having made specific enquiry of all Directors, the Directors confirmed that they had complied with the required standard set out in the Code throughout the year ended 31 March 2019.

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

During the year, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This final results announcement is published on the websites of the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The annual report for the year ended 31 March 2019 will be dispatched to the shareholders of the Company and published on the websites of the Company and the Stock Exchange in due course.

APPRECIATION

On behalf of the Board, we would like to thank our customers for their support during the year. We would also like to express our sincere appreciation to our shareholders, staffs, suppliers and bankers for their efforts and commitments.

Ku Ngai Yung, Otis
Chairman

Hong Kong, 21 June 2019

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Ku Ngai Yung, Otis, Mr. Ku Ka Yung, Mr. Chan Chi Sun and Ms. Ma Sau Ching, and three independent non-executive directors, namely Mr. Lo Wa Kei, Roy, Mr. Lee Kwong Yiu and Mr. Wong Che Man, Eddy.