Annual Report 2018-19

年報

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

Stock Code 股份代號：125

Contents

About Sun Hing

With decades of experience in the eyewear industry, Sun Hing acts as a leading manufacturer of premium ODM eyewear bearing the most reputable brand names in the world of fashion. Our unique approach to design and development enables us to deliver innovative solutions and provide stunning products to customers. We are also a leading distributor for branded eyewear products with strong presence in the world's major markets, especially Asia. We are managing various brands with high growth potential. Our solid brand portfolio includes acclaimed brand names such as agnès b., New Balance, Jill Stuart and Levi's®.

Driven by Innovation

Innovation is a core value embedded in Sun Hing's culture. We encourage our talents from different functions to be creative. We have a strong design and product development team who is dare to think out of the box. Our product experts are not only fashion conscious, but are also familiar with every subtle technical detail of production. We are proud of our capability to industrialize gorgeous ideas into highly functional products.

Customer Oriented

We put our customers first when we make any business decision. We are committed to deliver our customers with the best experience through providing them with all-rounded product solutions that are tailor-made according to their specific needs. Every customer is our long term partner to grow. We target to achieve sustainable business success together with our customers.


JILLSTUART

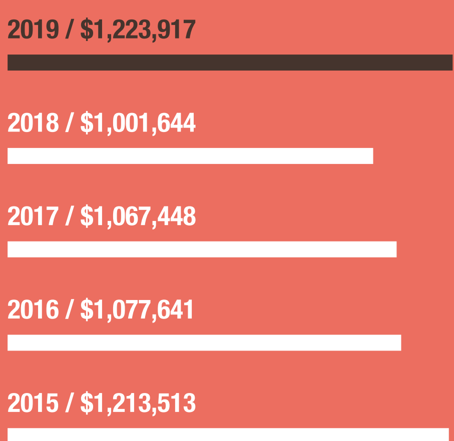
Striving for Excellence

We believe that continuous improvement is a key for sustainable growth. We make long term commitment to improve ourselves through enhancement of efficiency and upgrade of production facilities. We are open to any new technology and ideas for operation. We never stop to explore new way for business.

FINANCIAL HIGHLIGHTS

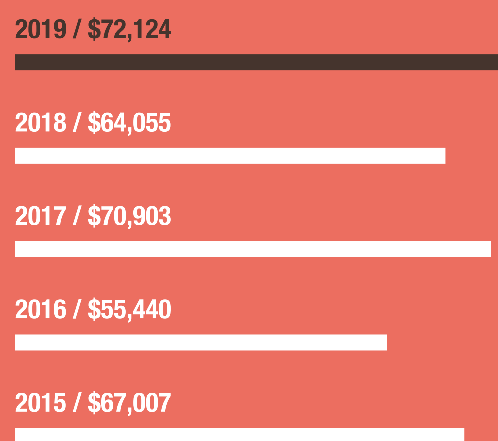
Revenue

(HK$'000) for year ended 31 March



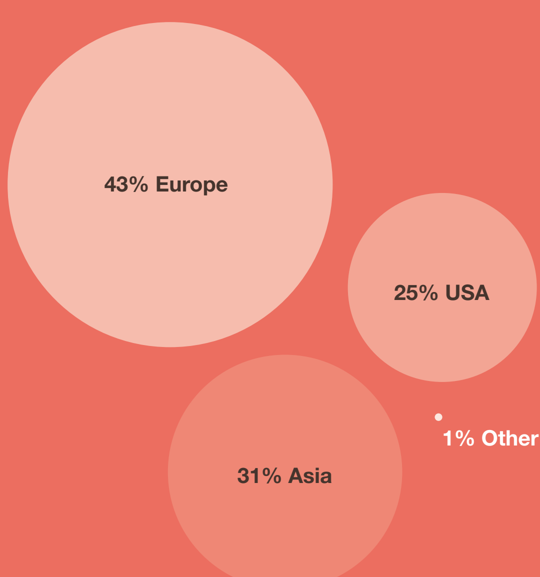
Profit Attributable to Owners of the Company

(HK$'000) for year ended 31 March



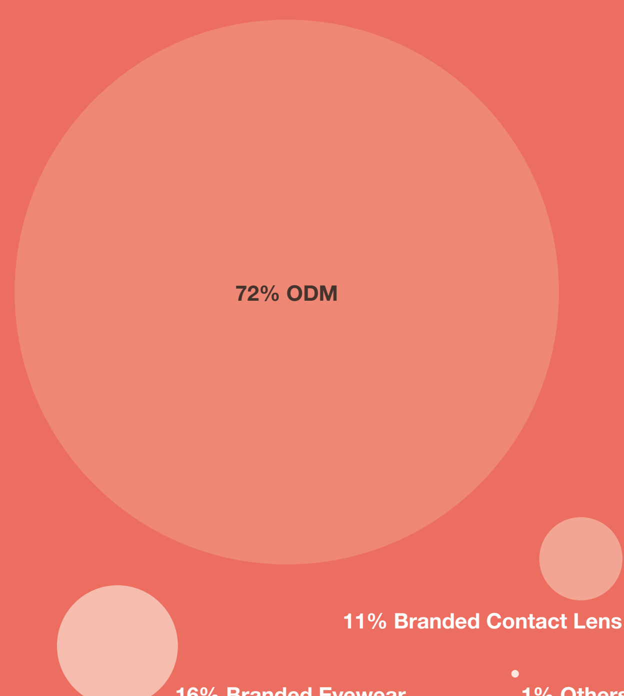
Revenue by Geographical Area

for year ended 31 March 2019



Revenue by Business Division

for year ended 31 March 2019



LETTER TO SHAREHOLDERS

We are pleased to announce the results of Sun Hing Vision Group Holdings Limited (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).

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

LETTER TO SHAREHOLDERS (CONTINUED)

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 agnès b. eyewear products, which were introduced to the market in preceding fiscal year. The sales performance of agnès 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.

FOREIGN EXCHANGE EXPOSURE

Most of the Group's transactions were conducted in the U.S. dollars, Hong Kong dollars and Renminbi. In addition, the majority of the Group's assets were also kept in these currencies. Other than the potential exposure to the fluctuation of Renminbi, the Group's exposure to currency fluctuation was relatively limited. The Group closely monitors the foreign exchange exposure and uses foreign exchange forward contracts and/or other appropriate tools to control the exposure in connection with Renminbi.

HUMAN RESOURCES

The Group had a workforce of over 5,000 people as at 31 March 2019. The Group remunerates its employees based on their performance, years of service, work experience and the prevailing market situation. Bonuses and other incentive payments are granted on a discretionary basis based on individual performance, years of service and overall operating results of the Group. Other employee benefits include medical insurance scheme, mandatory provident fund scheme or other retirement benefit scheme, subsidised or free training programs and participation in the Company's share option scheme.

CHARGES ON GROUP'S ASSETS AND CONTINGENT LIABILITIES

Details of the charges on the Group's assets are set out in Notes 16 and 27 to the consolidated financial statements. As at 31 March 2019, there were no significant contingent liabilities other than those disclosed in the consolidated financial statements.

CAPITAL COMMITMENTS

Details of the Group's capital commitments are set out in Note 34 to the consolidated financial statements.

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

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

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.

LETTER TO SHAREHOLDERS (CONTINUED)

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, agnès 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.

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	**Ku Ka Yung**
Chairman	*Deputy Chairman*

Hong Kong, 21 June 2019

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Ku Ngai Yung, Otis, aged 52, is the chairman and managing Director of the Group. He is also a director of certain Group members. Mr. Ku holds a bachelor of arts degree majoring in administrative and commercial studies from the University of Western Ontario, Canada. He joined the Group in June 1988. He is responsible for the Group's overall corporate policy making, strategic planning and business development. He is the brother of Mr. Ku Ka Yung.

Mr. Ku Ka Yung, aged 46, is the deputy chairman and chief financial officer of the Group. He is also a director of certain group members. Mr. Ku is responsible for the Group's accounting and financial management. He holds a bachelor of commerce degree from the University of Toronto, Canada and a master of business administration degree from McGill University, Montreal, Canada. He is a certified public accountant in the US and joined the Group in August 1996. He was also an independent non-executive director of Shenzhen Forms Syntron Information Co., Ltd. until February 2018, which is a company listed on the Shenzhen Stock Exchange. Mr. Ku is the brother of Mr. Ku Ngai Yung, Otis.

Mr. Chan Chi Sun, aged 53, is the executive Director responsible for the general administration of the Group. He also holds directorships and other positions of other Group members. Mr. Chan holds a bachelor degree from the University of Western Ontario, Canada. He joined the Group in June 1994. He is responsible for the overall administration of the Group and has extensive experience in information technology.

Ms. Ma Sau Ching, aged 57, is the executive Director responsible for the marketing development of the Group. She also holds position of other Group member. Ms. Ma holds a master of business administration degree in strategic marketing from the University of Hull, United Kingdom, and a diploma in management studies from the Hong Kong Polytechnic University. She joined the Group in December 1997.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lo Wa Kei, Roy, aged 48, has been an independent non-executive Director of the Group since 1 May 1999. He is a certified public accountant in Hong Kong and fellow member of Hong Kong Institute of Certified Public Accountants, CPA Australia and the Institute of Chartered Accountants in England and Wales. He is also the Divisional President 2019 – Greater China of CPA Australia, member of the Shanghai Pudong New Area Committee of the Chinese People's Political Consultative Conference and founding executive vice president and council member of the Hong Kong Independent Non-Executive Director Association. Mr. Lo has over twenty six years of experience in auditing, accounting, risk management and finance. He is the managing partner of SHINEWING (HK) CPA Limited. He is also currently an independent non-executive director of China Oceanwide Holdings Limited, China Zhongwang Holdings Limited, Sheen Tai Holdings Group Company Limited, Xinming China Holdings Limited, China Tonghai International Financial Limited, Wan Kei Group Holdings Limited and G-Resources Group Limited and was an independent non-executive director of North Mining Shares Company Limited until 24 November 2015. The above companies are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

Mr. Lee Kwong Yiu, aged 56, has over twenty years of experience in Hong Kong law as a qualified solicitor. He is now the principal of Philip K. Y. Lee & Co. Solicitors. He is also the Associate Member of the Chartered Institute of Arbitrators and is a China-Appointed Attesting Officer since 20 April 2006. Mr. Lee has been appointed as an independent non-executive Director since 1 May 2001. He was also an independent non-executive director of Tesson Holdings Limited until 26 April 2016, which is a company listed on the Stock Exchange.

Mr. Wong Che Man, Eddy, aged 59, has over thirty years of experience in the auditing and accounting profession. He is the sole proprietor of Eddy Wong & Co., Certified Public Accountants, and is also a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Wong has been appointed as an independent non-executive Director since 21 September 2004. He is currently an independent non-executive director of China All Access (Holdings) Limited, which is a company listed on the Stock Exchange.

CORPORATE GOVERNANCE REPORT

The Company is committed to maintain a high standard of corporate governance with a view to enhancing the management of the Company as well as to preserve the interests of the shareholders as a whole. The Board has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") and the Corporate Governance Report contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 in the "Chairman and Chief Executive Officer" section.

DIRECTORS' SECURITIES TRANSACTIONS

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 own code of conduct regarding directors' securities transactions on terms no less exacting than the required standard under the Model Code. Having made specific enquiry of all Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 March 2019.

BOARD OF DIRECTORS

During the period between 1 April 2018 to 31 March 2019, the Board comprises of four executive Directors, namely Mr. Ku Ngai Yung, Otis (Chairman), Mr. Ku Ka Yung (Deputy Chairman), Mr. Chan Chi Sun and Ms. Ma Sau Ching and three independent non-executive Directors (representing at least one-third of the Board), namely Mr. Lo Wa Kei, Roy, Mr. Lee Kwong Yiu and Mr. Wong Che Man, Eddy.

Two of the independent non-executive Directors possess appropriate professional accounting qualifications and financial management expertise. All of the independent non-executive Directors have signed their respective confirmation letters to the Company confirming their independence as set out in rule 3.13 of the Listing Rules.

Biographical details of the Directors are set out in the section of Directors and Senior Management on page 13. The Board possesses a balanced mix of skills and expertise which supports the continuing development of the Company.

The Board conducted four Board meetings, all of such meetings were regular Board meetings in compliance with Code A.1.1 of the CG Code, for the year ended 31 March 2019. The attendance of each relevant Director is set out as follows:

Directors	Attendance Record
Mr. Ku Ngai Yung, Otis *(Chairman)*	4/4
Mr. Ku Ka Yung *(Deputy Chairman)*	4/4
Mr. Chan Chi Sun	4/4
Ms. Ma Sau Ching	4/4
Mr. Lo Wa Kei, Roy	4/4
Mr. Lee Kwong Yiu	4/4
Mr. Wong Che Man, Eddy	4/4

The Board is charged with responsibility of setting corporate policy and overall strategy for the Group and providing effective oversight of the management of the Group's business affairs. The Board also monitors the financial performance and the internal controls of the Group's business operation and reviews the Company's compliance with applicable laws and regulation. The implementation of strategy, management of daily operations and administration of the Group's affairs are delegated to the management team.

The Board is also responsible for performing the corporate governance function of the Company in accordance with written terms of reference that are consistent with the duties as set out in Code D.3.1 of the CG Code. During the year ended 31 March 2019, the Board has performed the duties and reviewed the corporate governance report and monitored the Company's compliance with the CG Code. The Board has also reviewed the Company's policies and practice on corporate governance.

Mr. Ku Ngai Yung, Otis is the brother of Mr. Ku Ka Yung.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code A.2.1 of the CG Code provides, inter alia, that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The Company does not officially have a position of Chief Executive Officer. However, Mr. Ku Ngai Yung, Otis has been assuming the roles of both the Chairman and Chief Executive Officer of the Company. In this regard, the Company has deviated from Code A.2.1 of the CG Code. 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. Nonetheless, 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.

During the year ended 31 March 2019, the Chairman held a meeting with all the independent non-executive Directors without the presence of other Directors.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

According to Bye-law 87(1) of the bye-laws of the Company (the "Bye-laws"), at each annual general meeting of the Company, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation no later than the third annual general meeting after he was last elected or re-elected. Also, according to Bye-law 90 of the Bye-laws, a Director appointed to an office as managing director, joint managing director or deputy managing director shall also be subject to rotation, resignation and removal as the other directors of the Company.

Mr. Ku Ngai Yung, Otis and Mr. Chan Chi Sun, both executive Directors, and Mr. Lo Wa Kei, Roy, an independent non-executive Director were re-elected as Directors at the 2018 annual general meeting for a term of no more than three years and subject to retirement by rotation in accordance with the Bye-laws.

Mr. Ku Ka Yung and Ms. Ma Sau Ching, both executive Directors, and Mr. Wong Che Man, Eddy, an independent non-executive Director, will retire at the forthcoming 2019 annual general meeting and will offer themselves for re-election. Their proposed term of office shall not be more than three years and is subject to retirement by rotation in accordance with the Bye-laws.

CORPORATE GOVERNANCE REPORT (CONTINUED)

CONTINUING PROFESSIONAL DEVELOPMENT OF DIRECTORS

Under Code A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Company should be responsible for arranging and funding, placing an appropriate emphasis on the roles, functions and duties of the Directors. During the year ended 31 March 2019, all Directors (other than Ms. Ma Sau Ching and Mr. Lo Wa Kei, Roy) attended a seminar on latest amendments to the Listing Rules organized by the Company and conducted by the Company's legal advisor, Messrs. King & Wood Mallesons. All Directors were also provided by the Company with materials designed for refreshing knowledge on Listing Rules and other relevant laws and regulations. According to the records maintained by the Company, Ms. Ma Sau Ching attended a web-based training in connection with duties of directors arranged by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year ended 31 March 2019. Besides, Mr. Lo Wa Kei, Roy, Mr. Lee Kwong Yiu and Mr. Wong Che Man, Eddy participated in courses, seminars and other continuous professional development programs required for their professional practices. Details of the professional qualifications of each Director are set out in the section of Directors and Senior Management on page 13.

COMPANY SECRETARY

Mr. Lee Kar Lun, Clarence was appointed as the company secretary of the Company on 26 October 2012. He is a full time employee of the Group and possesses the professional qualifications as required under rule 3.28 of the Listing Rules. Mr. Lee Kar Lun, Clarence confirmed that he had undertaken not less than 15 hours of relevant professional training during the year ended 31 March 2019 in accordance with rule 3.29 of the Listing Rules.

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.

The Remuneration Committee held one meeting for the year ended 31 March 2019. The attendance of each remuneration committee member is set out as follows:

Remuneration Committee Members	Attendance Record
Mr. Lee Kwong Yiu *(Chairman)*	1/1
Mr. Lo Wa Kei, Roy	1/1
Mr. Wong Che Man, Eddy	1/1

For the year ended 31 March 2019, the Remuneration Committee has reviewed and made recommendations to the Board on the remuneration packages of individual Directors and senior management and the overall remuneration policy of the Group and assessed performance of the Directors.

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 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.

For the year ended 31 March 2019, the Audit Committee held two meetings. Attendance of each audit committee member is set out as follows:

Audit Committee Members	Attendance Record
Mr. Lo Wa Kei, Roy *(Chairman)*	2/2
Mr. Lee Kwong Yiu	2/2
Mr. Wong Che Man, Eddy	2/2

For the year ended 31 March 2019, the Audit Committee has performed the above duties, including making recommendations to the Board regarding risk management and internal control matters, and reviewing the interim and annual reports of the Group. 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.

AUDITOR'S REMUNERATION

For the year under review, the remuneration paid or payable to the Company's auditor, Messrs. Deloitte Touche Tohmatsu is set out as follows:

Type of Services	Fees paid/payable
Audit services	HK$1,198,000
Non-audit services	
Interim results review	HK$200,000
Tax compliance and advisory services	HK$160,000
Internal control review	HK$65,000

CORPORATE GOVERNANCE REPORT (CONTINUED)

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 or when an existing Director is recommended and selected for re-election, 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 (if applicable). 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 has adopted 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.

For the year ended 31 March 2019, the Nomination Committee held one meeting. Attendance of each nomination committee member is set out as follows:

Nomination Committee Members	Attendance Record
Mr. Wong Che Man, Eddy *(Chairman)*	1/1
Mr. Lo Wa Kei, Roy	1/1
Mr. Lee Kwong Yiu	1/1

For the year ended 31 March 2019, the Nomination Committee has monitored and reviewed the nomination procedures and process for the nomination of Directors, reviewed the composition of the Board and made recommendation to the Board on matters related to election and retirement of the Directors. With the existing Board members coming from a variety of business and professional background, the Nomination Committee considers that the Board possesses a balance of skills, experience and diversity appropriate to the requirements of the Company's business.

ACCOUNTABILITY, INSIDE INFORMATION, RISK MANAGEMENT AND INTERNAL CONTROL

The Directors acknowledge their responsibility to prepare financial statements for the financial year ended 31 March 2019 which give a true and fair view of the state of affairs of the Company and the Group and the results and cash flows of the Group. In preparing the financial statements for the year ended 31 March 2019, the Directors have adopted suitable accounting policies which are pertinent to the Group's operation and relevant to the financial statements, have made judgements and estimates that are prudent and reasonable, and have prepared the financial statements on a going concern basis.

The Directors' responsibilities for the preparation of the financial statements, and the responsibilities of the auditor to the shareholders, are set out in the auditor's report on pages 33 to 34.

The Group has established policy and procedure for handling and dissemination of insider information. The policy requires sensitive information (if any) to be protected with high level of care and the persons receiving potential sensitive information are required to comply with the applicable laws, regulations and rules in respect of insider information. The Group follows the requirements of the Listing Rules and the Securities and Futures Ordinance when disclosing information to public. Inside information (if any) will be disseminated timely in a way which aims at preventing any person be placed in a privileged dealing position, letting the market be appropriately informed for the latest information, and allowing investors to have reasonable time to respond to such information.

It is the responsibility of the Board to ensure that the Group maintains sound and effective risk management and internal control system. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group's risk management system is established under a structured framework with clearly defined objective. A top-down approach and methodology is adopted to identify risk, assess and prioritize risk, develop risk response, monitor risk and report risk. The Group has set up appropriate governance body to enforce the risk management system. Risks are identified through periodic assessment performed by different departments of the Group following the preset program. Identified risks are then summarized, prioritized according to the risk assessment criteria as set out in the Group's risk policy, documented in report, and communicated within the Group to ensure that risk owners and action plans are properly assigned to the identified risks.

The Group's internal control system includes a well-defined management structure with limits of authority, comprehensive policies and standards. It is designed to help the achievement of business objectives, safeguard assets against unauthorized use or disposition, ensure the maintenance of proper accounting records, and ensure compliance with relevant legislation and regulations. The Group has a specified team which is responsible for the internal audit function. Its duties include ongoing monitoring of the Group's internal control system and exploring enhancement of the Group's operating efficiency.

CORPORATE GOVERNANCE REPORT (CONTINUED)

For the year ended 31 March 2019, the Board has conducted annual review to assess the effectiveness of the Group's risk management and internal control system through the following:

– reviewing the policy of the Group's risk management system;

– reviewing the risk reports prepared by the Group and evaluating the risk inventory list and the related action plan assigned for the identified risks;

– assessing the programs and findings of the team and governance body who are in charge of risk management system and internal audit function;

– conducting regular management meetings to discuss and handle the identified risks and internal control issues;

– reviewing the findings made by the auditor in respect of issues encountered during the processes of annual audit and interim review; and

– engaging a specialized division of Messrs. Deloitte Touche Tohmatsu to assess the internal controls in respect of certain key business operations of the Group.

Based on the results of the assessment, no major issue has been identified that indicates significant inadequacy and ineffectiveness on the Group's risk management and internal control system. Appropriate actions are being taken to address the areas for improvement identified.

GENERAL MEETING

For the year ended 31 March 2019, there was one general meeting (the annual general meeting). The attendance of each Director is set out as follows:

Directors	Attendance Record
Mr. Ku Ngai Yung, Otis *(Chairman)*	1/1
Mr. Ku Ka Yung *(Deputy Chairman)*	1/1
Mr. Chan Chi Sun	1/1
Ms. Ma Sau Ching	1/1
Mr. Lo Wa Kei, Roy	1/1
Mr. Lee Kwong Yiu	1/1
Mr. Wong Che Man, Eddy	1/1

COMMUNICATION WITH SHAREHOLDERS

A shareholders communication policy was established in February 2012 (the "Shareholders Communication Policy"). In line with the Shareholders Communication Policy, information will be communicated to shareholders and the investment community mainly through the Company's financial reports (interim and annual reports) and environment, social and governance reports, annual general meetings and other general meetings that may be convened, as well as by making available all the published disclosure submitted to the Stock Exchange and its other corporate communications. Shareholders and the investment community may at any time obtain the latest published financial reports and environment, social and governance reports of the Company through the websites of the Company and the Stock Exchange. The Board will maintain an on-going dialogue with the shareholders and the investment community, and will regularly review the Shareholders Communication Policy to ensure its effectiveness.

DIVIDEND POLICY

The Group adopts a dividend policy which aims at achieving an optimal balance between the retention of sufficient liquidity in the Group to prepare for the development ahead and the distribution of earnings to the shareholders of the Company. According to the adopted dividend policy, any declaration of dividends by the Company shall be conducted in accordance with the laws of Bermuda, the Bye-laws as well as other applicable regulations. In deciding whether to propose a dividend and in determining the dividend amount, the Board will take into account factors including the Group's financial results, cash flows, cash and bank balance on hand and future business plans.

SHAREHOLDERS' RIGHTS

PROCEDURES BY WHICH SHAREHOLDERS CAN CONVENE A SPECIAL GENERAL MEETING

Shareholders of the Company are required to observe and fully comply with all applicable regulations and laws of Bermuda and the Bye-laws in convening a special general meeting. Pursuant to the Bye-laws, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in accordance with the relevant provisions set out in the Companies Act 1981 of Bermuda (the "Act").

PROCEDURES BY WHICH ENQUIRIES MAY BE PUT TO THE BOARD

Shareholders may send their direct enquiries to the Board in writing by mail through the company secretary of the Company to the Company's registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda ("Registered Office") and the Company's principal place of business in Hong Kong at 1001C, 10th Floor, Sunbeam Centre, 27 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong ("Hong Kong Principal Office").

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

Shareholders of the Company are required to observe and fully comply with all applicable regulations and laws of Bermuda and the Bye-laws in putting forward proposals at general meetings. In addition, shareholders of the Company are also required to comply with the following requirements unless they are contradicting to the laws and regulations of Bermuda. In case of contradiction, the regulations and laws of Bermuda shall prevail.

To put forward a proposal at a shareholders' meeting, shareholders are requested to submit a written request stating the resolution intended to be moved at the general meeting; or a statement with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting. The written request/statements must be signed by the shareholder(s) concerned and deposited at the Company's Registered Office and its Hong Kong Principal Office, for the attention of the company secretary of the Company. Proposals put forward at shareholders' meeting will be voted by poll pursuant to the Listing Rules and the results will be posted on the websites of the Stock Exchange and the Company after the relevant general meeting.

INVESTOR RELATIONS

There has been no significant change in the Company's constitutional documents during the year ended 31 March 2019.

DIRECTORS' REPORT

The Directors of Sun Hing Vision Group Holdings Limited (the "Company") present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 38 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2019 are set out in the consolidated statement of profit or loss and other comprehensive income on page 35.

An interim dividend of HK4.5 cents per share of the Company amounting to approximately HK$11,825,000 and an interim special dividend of HK1.5 cents per share amounting to approximately HK$3,942,000 were paid to the shareholders of the Company during the year. The Directors now recommend a final dividend of HK10.0 cents per share amounting to approximately HK$26,278,000 to the shareholders of the Company whose names appear on the register of members at the close of business on 28 August 2019.

REVIEW OF THE GROUP'S BUSINESS AND KEY PERFORMANCE INDICATORS

A review of the Group's business and the related analysis of the Group's key performance indicators (including gross profit ratio, net profit ratio, gearing ratio, current ratio, debtor turnover period and inventory turnover period) are set out in the paragraph headed "Management Discussion and Analysis" of the "Letter to Shareholders" section on page 9. Indication of likely future development of the Group and the important events (if any) occurred since the end of the financial year are set out in the paragraph headed "Prospects" of the same section on page 11.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's operation and financial position may be affected by certain risks and uncertainties. Principal risks identified by the Group include market risk, credit risk and liquidity risk. Details of those risks are set out in note 31 to the consolidated financial statements. Details of uncertainties associated with accounting estimation are set out in note 4 to the consolidated financial statements.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group and its business activities are subject to various laws and regulations, including Bermuda Companies Act 1981 (as amended), Hong Kong Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Group recognises the importance of regulatory compliance and has measures in place to ensure that the Group's operation complies with relevant laws and regulations which have a significant impact on the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is dedicated to promote sustainable development in environment and has established policies that covers aspects including reduction of waste and energy consumption. It periodically monitors performance related to environmental policies. Further details of the Group's environmental policies and performance are set out in the Environmental, Social and Governance Report to be published separately.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the year, the Group acquired property, plant and equipment at a cost of approximately HK$60,349,000 to maintain the existing plants and upgrade production facilities. In addition, the Group also acquired investment properties at a cost of approximately HK$131,617,000. Details of these and other movements in property, plant and equipment and investment properties of the Group during the year are set out in notes 14 and 16 to the consolidated financial statements respectively.

KEY RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Directors are of the view that employees, suppliers and customers are important for the Group's development. The Group is dedicated to establish and has maintained long-term relationships with the above mentioned stakeholders.

The Group's relationship with its employees is based on the principal of trust and respect. It provides its employees with competitive remunerations package with reference to the prevailing market situation. A further discussion of the Group's human resources management is set out in the paragraph headed "Human Resources" of the "Letter to Shareholders" section on page 11.

The Group develops strategic relationship with its suppliers and customers and works together with them to achieve synergy. Further details of the Group's major customers and suppliers are disclosed under heading "Major Customers and Suppliers" below.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers comprised approximately 70.51% of the Group's total sales and the sales attributable to the Group's largest customer were approximately 22.58% of the Group's total sales.

The aggregate purchases attributable to the Group's five largest suppliers during the year were less than 30% of the Group's total purchases.

At no time during the year did a Director, an associate of a director or a shareholder of the Company (which to the knowledge of the Directors, owns more than 5% of the Company's issued share capital) has an interest in any of the Group's five largest suppliers or customers.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 28 to the consolidated financial statements.

DISTRIBUTABLE RESERVE OF THE COMPANY

As at 31 March 2019, the Company's reserves available for distribution comprising retained profits of HK$82,933,000 (2018: HK$82,348,000).

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors:
Ku Ngai Yung, Otis *(Chairman)*
Ku Ka Yung *(Deputy Chairman)*
Chan Chi Sun
Ma Sau Ching

Independent non-executive Directors:
Lo Wa Kei, Roy
Lee Kwong Yiu
Wong Che Man, Eddy

In accordance with Bye-Laws 87(1) and 90 of the Company's bye-laws, Mr. Ku Ka Yung, Ms. Ma Sau Ching and Mr. Wong Che Man, Eddy will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election. All other remaining Directors continue in office.

The term of office of each executive and independent non-executive Director is not more than three years and subject to retirement by rotation in accordance with the Company's bye-laws.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company. Each of Mr. Ku Ngai Yung, Otis and Mr. Ku Ka Yung has entered into a service agreement with the Company for an initial term of two years commencing on 1 May 1999 and continuing thereafter until terminated by not less than three months' prior written notice served by either party.

Each of Mr. Chan Chi Sun and Ms. Ma Sau Ching has entered into a service agreement with the Company for an initial term of two years commencing on 14 December 2001 and continuing thereafter until terminated by not less than three months' prior written notice served by either party.

Each of the independent non-executive Directors, namely Mr. Lo Wa Kei, Roy, Mr. Lee Kwong Yiu and Mr. Wong Che Man, Eddy, has entered into a service agreement with the Company for an initial term of three years. The term of Mr. Lo Wa Kei, Roy commenced from 20 September 2004 and continuing thereafter until terminated by not less than three months' prior written notice served by either party. The term of Mr. Lee Kwong Yiu commenced from 4 September 2003 for a term of three years and continuing thereafter until terminated by not less than three months' prior written notice served by either party. The term of Mr. Wong Che Man, Eddy commenced from 21 September 2004 for a term of three years and continuing thereafter until terminated by not less than three months' prior written notice served by either party.

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company and the Group were entered into or existed during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2019, the interests and short positions of the Directors and chief executives of the Company, and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

1. SHARES IN THE COMPANY (LONG POSITIONS)

	Number of ordinary shares held			Percentage of issued share capital of the Company
Name of Directors	**Personal interest**	**Other interest**	**Total**	
Ku Ngai Yung, Otis	–	144,833,828 *(Note i)*	144,833,828	55.12%
Ku Ka Yung	–	144,833,828 *(Note i)*	144,833,828	55.12%
Chan Chi Sun	1,526,000	–	1,526,000	0.58%
Ma Sau Ching	350,000	–	350,000	0.13%

Note:

(i) 144,833,828 ordinary shares of the Company were held by United Vision International Limited, which is ultimately and wholly-owned by The Vision Trust, a discretionary trust settled by Mr. Ku Ngai Yung, Otis and Mr. Ku Ka Yung, the discretionary objects of which include Mr. Ku Ngai Yung, Otis and his spouse, Mr. Ku Ka Yung and his spouse, and their respective children who are under the age 18.

2. UNDERLYING SHARES IN THE COMPANY (SHARE OPTIONS)

Details of the share options held by the Directors and chief executives of the Company are shown in the section under the heading "Share Options".

Save as disclosed above, as at 31 March 2019, none of the Directors, chief executives, nor their associates, had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' REPORT (CONTINUED)

SHARE OPTIONS

Pursuant to a resolution passed on 6 September 2004, the Company's share option scheme adopted on 4 May 1999 (the "Old Share Option Scheme") was terminated and a share option scheme (the "2004 Share Option Scheme") was adopted in order to comply with the amendments to Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") in relation to share option schemes.

Pursuant to another resolution passed on 22 August 2014, the 2004 Share Option Scheme was terminated and another share option scheme (the "2014 Share Option Scheme") was adopted.

During the year ended 31 March 2019 and as at the date of this report, there was no share in respect of which share options had been granted and remained outstanding under the Old Share Option Scheme and the 2004 Share Option Scheme. No further share options can be granted upon termination of the Old Share Option Scheme and the 2004 Share Option Scheme.

Under the 2014 Share Option Scheme, the maximum number of shares available for issue is 10% of the issued share capital of the Company. No share options have been granted, exercised, cancelled or lapsed under the 2014 Share Option Scheme since its adoption. Unless approved by the shareholders of the Company in general meeting in the manner prescribed in the Listing Rules, the board of directors shall not grant share options to any grantee if the acceptance of those share options would result in the total number of the shares issued and to be issued upon exercise of the share options granted including those granted (whether or not cancelled) under the 2014 Share Option Scheme and to be granted to such grantee (including exercised, cancelled and outstanding share options) in any 12-month period exceeding 1% of the issued share capital of the Company from time to time.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the Share Options Scheme disclosed above, at no time during the year was the Company or any of its holding companies or subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transactions, arrangements or contracts of significance to which the Company or any of its holding companies or subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS UNDER THE SFO

As at 31 March 2019, the following parties (other than those disclosed under the headings "Directors' and Chief Executives' Interests in Shares, Underlying Shares and Debentures" and "Share Options" above) were recorded in the register required to be kept by the Company under Section 336 of the SFO as being directly or indirectly interested in 5% or more of the issued share capital of the Company which is so far as known to any Director or chief executive of the Company:

Name	Number of ordinary shares held	Percentage of the issued share capital of the Company
Substantial Shareholders		
United Vision International Limited *(Note i)*	144,833,828	55.12%
Marshvale Investments Limited *(Note i)*	144,833,828	55.12%
HSBC International Trustee Limited *(Notes i & ii)*	144,833,828	55.12%
Ku Ling Wah, Phyllis *(Notes i, ii & iii)*	144,833,828	55.12%
Other persons		
FMR LLC *(Note iv)*	26,277,000	9.99%
Webb David Michael *(Notes v & vi)*	26,328,000	10.02%
Fidelity Puritan Trust *(Note vii)*	20,999,000	7.99%
Preferable Situation Assets Limited *(Note vi)*	18,346,000	6.98%

Notes:

(i) As at 31 March 2019, United Vision International Limited ("UVI") is wholly-owned by Marshvale Investments Limited ("Marshvale"). By virtue of UVI's interests in the Company, Marshvale is deemed to be interested in 144,833,828 shares of the Company under the SFO. Marshvale is wholly-owned by HSBC International Trustee Limited ("HSBC Trustee"). By virtue of Marshvale's indirect interests in the Company, HSBC Trustee is deemed to be interested in 144,833,828 shares of the Company under the SFO. Mr. Ku Ngai Yung, Otis and Mr. Ku Ka Yung are directors of UVI.

(ii) HSBC Trustee is the trustee of The Vision Trust, the discretionary trust settled by Mr. Ku Ngai Yung, Otis and Mr. Ku Ka Yung mentioned above. 144,833,828 shares of the Company were held indirectly by HSBC Trustee through UVI as mentioned in note (i) above.

(iii) Ms. Ku Ling Wah, Phyllis (sister of Mr. Ku Ngai Yung, Otis and Mr. Ku Ka Yung) is one of the discretionary objects of The Vision Trust, the discretionary trust settled by Mr. Ku Ngai Yung, Otis and Mr. Ku Ka Yung mentioned above. As at 31 March 2019, The Vision Trust ultimately and wholly owned UVI, which held 144,833,828 shares of the Company.

DIRECTORS' REPORT (CONTINUED)

(iv) According to a corporate substantial shareholder notice filed by FMR LLC on 3 March 2017 (with the date of the relevant event as set out in the corporate substantial shareholder notice being 27 February 2017), FMR LLC held 26,277,000 shares of the Company indirectly through FMR Co., Inc.. FMR Co., Inc. is wholly owned by Fidelity Management & Research Company, which is a wholly-owned subsidiary of FMR LLC. Of the above mentioned 26,277,000 shares of the Company held by FMR Co., Inc., 2,642,000 shares of the Company were held for Fidelity Management Trust Company, which is wholly-owned by FMR LLC, while 2,338,000 shares of the Company were held for Fidelity Investments Canada ULC, which is ultimately owned by certain employees and shareholders of FMR LLC. Those employees and shareholders of FMR LLC own 100% equity interest in Fidelity Canada Investors LLC, which owns 64% equity interest in 483A Bay Street Holdings LP. 483A Bay Street Holdings LP owns 100% equity interest in BlueJay Lux 1 S.a.r.l., which owns 100% equity interest in FIC Holdings ULC, which in turn owns 100% equity interest in Fidelity Investments Canada ULC.

(v) According to an individual substantial shareholder notice filed by David Michael Webb on 19 July 2017, as at 14 July 2017 (i.e. the date of the relevant event as set out in the individual substantial shareholder notice filed on 19 July 2017), of the 26,328,000 shares of the Company held by David Michael Webb, 8,294,000 shares of the Company were held directly by him, while 18,034,000 shares of the Company were held through his wholly owned company, Preferable Situation Assets Limited. By virtue of Preferable Situation Assets Limited's interest in the Company, David Michael Webb is deemed to be interested in the same 18,034,000 shares of the Company held by Preferable Situation Assets Limited under the SFO. (Please also see note vi below).

(vi) According to a corporate substantial shareholder notice filed by Preferable Situation Assets Limited on 18 October 2016, as at 13 October 2016 (i.e. the date of the relevant event as set out in the corporate substantial shareholder notice filed on 18 October 2016), Preferable Situation Assets Limited, which is wholly owned by David Michael Webb, held 18,346,000 shares of the Company. By virtue of Preferable Situation Assets Limited's interest in the Company, David Michael Webb is deemed to be interested in the same 18,346,000 shares of the Company held by Preferable Situation Assets Limited under the SFO.

(vii) According to a corporate substantial shareholder notice filed by Fidelity Puritan Trust on 4 January 2018, as at 29 December 2017 (i.e. the date of the relevant event as set out in the corporate substantial shareholder notice filed on 4 January 2018), 20,999,000 shares of the Company were held directly by Fidelity Puritan Trust.

All the interests stated above represent long position. Save as disclosed above, as at 31 March 2019, no other person had an interest or short position in the shares and underlying shares of the Company which were recorded in the register required to be kept under Section 336 of the SFO or was otherwise a substantial shareholder of the Company.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the remuneration committee of the Company (the "Remuneration Committee"), on the basis of their merit, qualifications and competence.

The emoluments of the Directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and/or comparable market statistics.

The Company has adopted share option schemes as an incentive to Directors and eligible employees, details of the schemes are set out in note 29 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

DIRECTORS' REPORT (CONTINUED)

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 March 2019.

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

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

EQUITY-LINKED AGREEMENT

Other than the information disclosed in this directors' report and the consolidated financial statements, no equity linked agreements were entered into by the Company during the year or subsisted at the end of the financial year under review.

PERMITTED INDEMNITY PROVISION

Pursuant to Bye-law 166(1) of the Bye-Laws of the Company, the Directors of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts.

The Company has arranged appropriate directors' liability insurance coverage for the Directors of the Company throughout the year.

CORPORATE GOVERNANCE

The corporate governance report is set out on pages 14 to 21.

AUDITOR

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company.

On behalf of the Board
Ku Ngai Yung, Otis
Chairman

Hong Kong, 21 June 2019

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

TO THE MEMBERS OF SUN HING VISION GROUP HOLDINGS LIMITED
新興光學集團控股有限公司
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Sun Hing Vision Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 35 to 102, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Expected credit loss ("ECL") assessment of trade receivables	
We identified the ECL assessment of trade receivables as a key audit matter due to the significance of the balance to the consolidated statement of financial position as a whole, estimation uncertainty and the management judgment involved in the evaluation of ECL. As disclosed in notes 22 and 31 to the consolidated financial statements, the trade receivables carried at HK$241,652,000 (net of allowance for credit loss of HK$3,668,000 as at 31 March 2019). Net impairment loss of HK$339,000 was reversed, in profit or loss during the year ended 31 March 2019. As disclosed in note 4 to the consolidated financial statements, except for trade receivables with credit-impaired are assessed for ECL individually, the Group uses provision matrix to calculate the ECL for the remaining trade receivables collectively. The provision rates are based on past due analysis as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration both quantitative and qualitative information that is reasonable and supportable including forward-looking information that is available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. Details of the ECL are set out in note 31 to the consolidated financial statements.	Our procedures in relation to the ECL assessment of trade receivables included: • Understanding key controls on how the management estimates the loss allowance for trade receivables; • Testing the integrity of information used by management to develop the provision matrix, including trade receivables ageing analysis as at 1 April 2018 and 31 March 2019, on a sample basis, by comparing individual items in the analysis with the relevant sales invoices and goods delivery notes; • Evaluating the reasonableness of management judgement in determining credit loss allowance on trade receivables as at 1 April 2018 and 31 March 2019 including their identification of credit-impaired trade receivables, the reasonableness of management's grouping of the remaining trade debtors into different categories in the provision matrix, and the basis of estimated loss rates applied in each category in the provision matrix (with reference to historical default rates and forward-looking information); • Evaluating the disclosures regarding the ECL assessment of trade receivables in note 31 to the consolidated financial statements; and • Testing subsequent settlements of credit impaired trade receivables, on a sample basis, by inspecting supporting documents in relation to cash receipt from trade debtors subsequent to the end of the current reporting period.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Impairment of inventories	
We identified the valuation of inventories as a key audit matter due to the significance of the balances to the consolidated statement of financial position as a whole, estimation uncertainty and the management judgment involved in the valuation. As disclosed in notes 4 and 21 to the consolidated financial statements, the inventories carried at HK$115,602,000 (net of allowance of HK$105,031,000). Allowance of HK$14,129,000 was recognised in profit or loss during the year ended 31 March 2019. As disclosed in note 4 to the consolidated financial statements, the management identifies aged inventories with reference to aging analysis and determines the net realisable value of inventories by considering the saleability of inventories based on current market demand and future sales plan.	Our procedures in relation to valuation of inventories included: • Obtaining an understanding of how allowance for inventories is estimated by the management; • Testing the accuracy of the aging analysis to the inventories supporting documents, on a sample basis; • Tracing a selection of inventories with subsequent sales to the sales invoices; • Tracing a selection of raw materials and work in progress with subsequent consumption to the inventories consumption report; • Discussing with the management and evaluating the basis of aged inventories identified by management based on the aging analysis, current market demand and future sales plan; and • Evaluating the reasonableness of allowance of inventories estimated by the management.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Chiu Mei Hing.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
21 June 2019

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	5		
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	6	**15,399**	6,534
Net reversal of impairment losses	7	**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	18	**865**	(264)
Interest on bank borrowings		**(878)**	–
Profit before tax		**84,749**	74,708
Income tax expense	8	**(12,230)**	(10,435)
Profit for the year	9	**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	13		
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	*14*	**281,577**	273,207
Prepaid lease payments	*15*	**2,950**	3,041
Investment properties	*16*	**134,701**	7,401
Intangible assets	*17*	**53,364**	55,220
Interest in a joint venture	*18*	**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	*19*	**–**	22,254
Deferred tax assets	*20*	**147**	687
		478,769	365,390
CURRENT ASSETS			
Inventories	*21*	**115,602**	114,561
Trade and other receivables	*22*	**256,457**	255,565
Prepaid lease payments	*15*	**91**	91
Derivative financial instruments	*23*	**325**	566
Tax recoverable		**3,283**	242
Bank balances and cash	*24*	**358,768**	391,383
		734,526	762,408
CURRENT LIABILITIES			
Trade and other payables	*25*	**199,677**	186,282
Refund liabilities	*26*	**4,056**	–
Derivative financial instruments	*23*	**152**	–
Tax payable		**6,319**	2,951
Bank borrowings	*27*	**46,508**	–
		256,712	189,233
NET CURRENT ASSETS		**477,814**	573,175
		956,583	938,565

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 March 2019

	NOTES	**2019 HK$'000**	2018 HK$'000
CAPITAL AND RESERVES			
Share capital	*28*	**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	*20*	**2,734**	669
		956,583	938,565

The consolidated financial statements on pages 35 to 102 were approved and authorised for issue by the Board of Directors on 21 June 2019 and are signed on its behalf by:

Ku Ngai Yung, Otis
DIRECTOR

Ku Ka Yung
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Attributable to owners of the Company							
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000 *(Note)*	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2017	26,278	78,945	18,644	(4,784)	813,291	932,374	(226)	932,148
Profit for the year	–	–	–	–	64,055	64,055	218	64,273
Exchange difference arising on translation of foreign operations	–	–	–	7,099	–	7,099	87	7,186
Share of other comprehensive expense of a joint venture	–	–	–	(16)	–	(16)	–	(16)
Total comprehensive income for the year	–	–	–	7,083	64,055	71,138	305	71,443
Dividends recognised as distribution *(note 12)*	–	–	–	–	(65,695)	(65,695)	–	(65,695)
At 31 March 2018	26,278	78,945	18,644	2,299	811,651	937,817	79	937,896
Adjustment *(note 2)*	–	–	–	–	(3,550)	(3,550)	–	(3,550)
At 1 April 2018 (restated)	26,278	78,945	18,644	2,299	808,101	934,267	79	934,346
Profit for the year	**–**	**–**	**–**	**–**	**72,124**	**72,124**	**395**	**72,519**
Exchange difference arising on translation of foreign operations	**–**	**–**	**–**	**(5,613)**	**–**	**(5,613)**	**(42)**	**(5,655)**
Share of other comprehensive expense of a joint venture	**–**	**–**	**–**	**(60)**	**–**	**(60)**	**–**	**(60)**
Total comprehensive (expense) income for the year	**–**	**–**	**–**	**(5,673)**	**72,124**	**66,451**	**353**	**66,804**
Dividends recognised as distribution *(note 12)*	**–**	**–**	**–**	**–**	**(47,301)**	**(47,301)**	**–**	**(47,301)**
At 31 March 2019	**26,278**	**78,945**	**18,644**	**(3,374)**	**832,924**	**953,417**	**432**	**953,849**

Note: Special reserve of the Group represents the difference between the aggregate amount of the nominal value of shares, the share premium and the reserves of subsidiaries acquired and the nominal amount of the shares issued by the Company pursuant to a group reorganisation.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	2019 HK$'000	2018 HK$'000
OPERATING ACTIVITIES		
Profit before tax	**84,749**	74,708
Adjustments for:		
Allowance for inventories	**14,129**	14,282
Bank interest income	**(3,626)**	(3,194)
Share of (profit) loss of a joint venture	**(865)**	264
Interest on bank borrowings	**878**	–
Depreciation of property, plant and equipment	**50,527**	49,477
Depreciation of investment properties	**3,929**	151
Amortisation of intangible assets	**1,856**	464
Fair value changes on derivative financial instruments	**393**	(562)
Loss (gain) on disposals of property, plant and equipment	**456**	(356)
Net reversal of impairment losses	**(339)**	(2,877)
Release of prepaid lease payments	**91**	91
Operating cash flows before movements in working capital	**152,178**	132,448
Increase in inventories	**(17,352)**	(15,238)
(Increase) decrease in trade and other receivables	**(2,744)**	38,870
Increase in trade and other payables	**14,203**	17,407
Increase in refund liabilities	**506**	–
Cash generated from operations	**146,791**	173,487
Income tax paid	**(9,235)**	(16,177)
NET CASH FROM OPERATING ACTIVITIES	**137,556**	157,310
INVESTING ACTIVITIES		
Purchase of investment properties	**(109,363)**	–
Purchase of property, plant and equipment	**(57,901)**	(50,429)
Deposit paid for acquisition of property, plant and equipment	**(4,093)**	(3,679)
Interest received	**3,626**	3,194
Proceeds on disposals of property, plant and equipment	**113**	975
Purchase of intangible assets	**–**	(55,684)
Deposit and other payments paid for acquisition of investment properties	**–**	(22,254)
Acquisition of interest in a joint venture	**–**	(469)
NET CASH USED IN INVESTING ACTIVITIES	**(167,618)**	(128,346)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 March 2019

	2019 HK$'000	2018 HK$'000
FINANCING ACTIVITIES		
New bank borrowings raised	**48,116**	–
Dividends paid	**(47,301)**	(65,695)
Repayment of bank borrowings	**(1,608)**	–
Interest paid	**(878)**	–
NET CASH USED IN FINANCING ACTIVITIES	**(1,671)**	(65,695)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(31,733)**	(36,731)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**391,383**	426,916
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(882)**	1,198
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**358,768**	391,383

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability under The Companies Act 1981 of Bermuda (as amended) and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent and ultimate holding company is United Vision International Limited, a company incorporated in the British Virgin Islands (the "BVI"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries and joint venture are set out in notes 38 and 18 respectively.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("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 Hong Kong Institute of Certified Public Accountants ("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

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in notes 5 and 3 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.1 HKFRS 15 "REVENUE FROM CONTRACTS WITH CUSTOMERS" (CONTINUED)

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 HK$'000	**Remeasurement** HK$'000	**Carrying amounts under HKFRS 15 at 1 April 2018** 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 HK$'000	**Adjustments** HK$'000	**Amounts without application of HKFRS 15** 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.1 HKFRS 15 "REVENUE FROM CONTRACTS WITH CUSTOMERS" (CONTINUED)

Summary of effects arising from initial application of HKFRS 15 (continued)

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

	As reported HK$'000	Adjustments HK$'000	Amounts without application of HKFRS 15 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 HK$'000	Adjustments HK$'000	Amounts without application of HKFRS 15 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".

Accounting policies resulting from application of HKFRS 9 are disclosed in note 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.2 HKFRS 9 "FINANCIAL INSTRUMENTS" (CONTINUED)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

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, and 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 as disclosed in note 33. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 16 "LEASES" (CONTINUED)

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 reassessed 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. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the HKFRSs issued by 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, as explained in the accounting policies set out below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENT IN A JOINT VENTURE

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of a joint venture is incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of the joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income or expense of the joint venture. Changes in net assets of the joint venture other than profit or loss and other comprehensive income or expense are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in a joint venture may impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE FROM CONTRACTS WITH CUSTOMERS (UPON APPLICATION OF HKFRS 15 IN ACCORDANCE WITH TRANSITIONS IN NOTE 2)

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Refund liabilities

The Group recognises a refund liability if the Group expects to refund some or all of the consideration received from customers.

Sale with a right of return

For a sale of products with a right of return, the Group recognises all of the following:

(a) revenue for the transferred products in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognised for the products expected to be returned);

(b) a refund liability, and

(c) an assets (and corresponding adjustment to cost of sales) for its right to recover products from customers on settling the refund liability.

Variable consideration

For contracts that contain variable consideration (contracts with right of return and contract of license of trademarks), the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE FROM CONTRACTS WITH CUSTOMERS (UPON APPLICATION OF HKFRS 15 IN ACCORDANCE WITH TRANSITIONS IN NOTE 2) (CONTINUED)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

REVENUE RECOGNITION (PRIOR TO 1 APRIL 2018)

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Goods, interests and royalties

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed.

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment including leasehold land (classified as finance lease) and buildings held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below), are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes (i.e. construction in progress) are carried at cost, less any recognised impairment loss. Costs include professional fees, amortisation of prepaid lease payment provided during the construction period and, for qualifying assets, borrowing costs capitalised in according with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of property, plant and equipment, other than construction in progress, less their residual values over their estimated useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

INVESTMENT PROPERTIES

Investment properties are property held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

INTANGIBLE ASSETS

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASING

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight line basis over the terms of the relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset. Such costs are recognised as an expenses on a straight line basis over the lease terms.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

The Group as lessee

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight line basis over the lease terms, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease terms on a straight line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease.

FOREIGN CURRENCIES

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations with functional currency other than the presentation currency of the Group are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of the reporting period. Income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which cases, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENT GRANTS

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

RETIREMENT BENEFIT COSTS

Payments to defined contribution retirement benefits scheme, state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme ("MPF Scheme") are charged as expenses when employees have rendered services entitling them to the contributions.

SHORT TERM EMPLOYEE BENEFITS

Short term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interest in a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interest are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

TAXATION (CONTINUED)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group does not intend to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

BORROWING COST

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 April 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit and loss ("FVTPL"), except that at the date of initial application. Initial recognition, the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (continued)

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2) (continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss and is included in the "other income, gains and losses" line item.

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, 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 and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables without significant financing component. The ECL are assessed individually for debtors with credit-impaired and collectively for the remaining debtors using a provision matrix with past due analysis.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (continued)

(i) **Significant increase in credit risk**

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (continued)

(v) **Measurement and recognition of ECL**

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the internal credit rating basis:

- Nature of financial instruments (i.e. the Group's trade receivables and other receivables are each assessed as a separate group);

- Past-due status;

- Nature, size and industry of debtors; and

- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment losses in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018)

Financial assets are classified in FVTPL and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(i) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) held for trading or (ii) it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising from remeasurement recognised in "other income, gains and losses" line item.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables (including trade receivables, deposits, other receivables, amounts due from entities controlled by non-controlling shareholders of a subsidiary, amount due from a non-controlling shareholder of a subsidiary and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (continued)

Impairment of financial assets (before application of HKFRS 9 on 1 April 2018)

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or

- breach of contract, such as default or delinquency in interest and principal payments; or

- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past a normally allowed credit period of 30–120 days and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at amortised cost

Financial liabilities including bank borrowings and trade and other payables are subsequently measured at amortised cost using effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT ON TANGIBLE AND INTANGIBLE ASSETS

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

PROVISION OF ECL FOR TRADE RECEIVABLES

Except for trade and receivables with credit-impaired are assessed for ECL individually, the Group uses provision matrix to calculate ECL for the remaining trade receivables collectively. The provision rates are based on past due analysis as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration both quantitative and qualitative information that is reasonable and supportable including forward-looking information that is available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in notes 31 and 22.

IMPAIRMENT OF INVENTORIES

Inventories are stated at the lower of cost and net realisable value. The management reviews regularly the suitability of the Group's allowance policy for inventories and carries out review of the inventories at the end of each reporting period. The management identifies aged inventories with reference to aging analysis and determines the net realisable value for inventories by considering the saleability of inventories based on current market demand and future sales plan. When the expectation of the net realisable value is less than the costs, a further allowance may arise.

As at 31 March 2019, the carrying amount of inventories is approximately HK$115,602,000 (2018: HK$114,561,000), net of allowance of HK$105,031,000 (2018: HK$105,025,000). Allowance of HK$14,129,000 (2018: HK$14,282,000) was recognised in profit or loss during the year ended 31 March 2019.

IMPAIRMENT OF INTANGIBLE ASSETS

The management reviews the carrying amounts of intangible assets to determine whether there is any indication that those assets have suffered impairment losses at the end of the reporting period. If any such indication exists, the recoverable amount of the relevant cash-generating units to which the intangible assets have allocated, which is the higher of the value in use and fair value less costs of disposal, is estimated in order to determine the extent of the impairment loss.

As at 31 March 2019, the carrying amount of intangible assets is approximately HK$53,364,000 (2018: HK$55,220,000). Management determines that there is no impairment indication and there is no impairment of the Group's intangible assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

5. 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 HK$'000**	**Contact lens HK$'000**	**Others 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

A. FOR THE YEAR ENDED 31 MARCH 2019 (CONTINUED)

Performance obligations for contract with customers

The Group manufactures and sells the eyewear products and contact lens to customers directly.

Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customers' specific location (delivery). Following delivery, the customers have full discretion over the manner of distribution and price to sell the goods, also have the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit term is mainly 30 to 120 days upon delivery. Under the Group's standard contract terms, customers may have a right to exchange for dissimilar products. The Group uses its accumulated historical experience to estimate the number of exchange. Revenue is recognised for sales which are considered highly probable that a significant reversal in the cumulative revenue recognised will not occur.

The Group also receives royalty income from granting license of trademarks. Revenue is recognised over time when subsequent sale of licensing products from licensee occurs over the licensing period. The normal credit term is 30 days upon the end of a licensing period.

Transaction price allocated to the remaining performance obligation for contract with customers

Eyewear products and contact lens are delivered within period less than one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Contract for royalty income are typically have a 3-years non-cancellable term in which the Group bills at a fixed rate for licensing product. The Group elected to apply the practical expedient by recognising revenue in the amount to which the Group has right to receive according to licensing agreement. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

SEGMENT INFORMATION (CONTINUED)

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.

Total segment assets and liabilities are not disclosed as they are not regularly reviewed by the CODM.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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 non-current assets (excluding deferred tax assets) by geographical location of the assets and revenue from external customers analysed by place of domicile of the relevant group entity and other places are detailed below:

	Non-current assets	
	2019	2018
	HK$'000	HK$'000
Hong Kong	**189,681**	84,695
Guangdong Province in the PRC	**287,947**	279,819
Italy	**994**	189
	478,622	364,703

	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

INFORMATION ABOUT MAJOR CUSTOMERS

For the year ended 31 March 2019, four customers of the Group contributed more than 10% of the Group's revenue. Revenue attributed from these four customers was approximately HK$276,393,000, HK$199,421,000, HK$179,824,000 and HK$136,579,000 respectively. Except for the last customer as mentioned above of which its revenue was related to contact lens segment, the revenue of the remaining three customers was related to eyewear product segment. For the year ended 31 March 2018, three customers of the Group contributed more than 10% of the Group's revenue. Revenue attributed from these three customers was approximately HK$295,866,000, HK$180,617,000 and HK$125,701,000 respectively. The revenue of the above customers, who were also major customers reported for the year ended 31 March 2019, was related to eyewear product segment,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

6. OTHER INCOME, GAINS AND LOSSES

	2019 HK$'000	2018 HK$'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 represents 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.

7. NET REVERSAL OF IMPAIRMENT LOSSES

	2019 HK$'000	2018 HK$'000
Net reversal of impairment losses on:		
– Trade receivables	**339**	2,877

Details of impairment assessment for the year ended 31 March 2019 are set out in note 31.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

8. INCOME TAX EXPENSE

	2019 HK$'000	2018 HK$'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 *(note 20)*		
– 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

8. INCOME TAX EXPENSE (CONTINUED)

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.

A portion of the Group's profits earned by a principal subsidiary incorporated in Hong Kong, which is taxed on 50:50 apportionment basis, neither arises in, nor is derived from, Hong Kong. Accordingly, that portion of the Group's profit is not subject to Hong Kong Profits Tax. Further, in the opinion of the directors of the Company, that portion of the Group's profit is not at present subject to taxation in any other jurisdictions in which the Group operates for both years.

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2019 **HK$'000**	2018 HK$'000
Profit before tax	**84,749**	74,708
Tax at the Hong Kong Profits Tax rate of 16.5%	**13,984**	12,327
Tax effect of expenses not deductible in determining taxable profit	**3,695**	5,818
Tax effect of income not assessable in determining taxable profit	**(3,491)**	(2,155)
Tax effect of share of (profit) loss of a joint venture	**(143)**	44
Overprovision in respect of prior years	**(2,237)**	(3,476)
Tax effect of Hong Kong Profits Tax on 50:50 apportionment basis	**(120)**	(3,128)
Tax effect of tax losses not recognised	**239**	14
Tax effect of utilisation of tax losses previously not recognised	**(497)**	(163)
Effect of different tax rates of operations in the PRC	**1,700**	1,022
Effect of tax exemptions granted to a PRC subsidiary	**(1,341)**	–
Income tax at concessionary rate	**(165)**	–
Withholding tax	**606**	132
Income tax expense for the year	**12,230**	10,435

Details of the deferred taxation are set out in note 20.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

9. 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 *(note 10)*	**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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the seven (2018: seven) directors, being the senior management of the Group, were as follows:

	Year ended 31 March 2019			
	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contribution HK$'000	Total HK$'000
Executive directors				
Ku Ngai Yung, Otis	800	208	25	1,033
Ku Ka Yung	978	48	24	1,050
Chan Chi Sun	986	294	45	1,325
Ma Sau Ching	1,008	342	51	1,401
	3,772	892	145	4,809
Independent non-executive directors				
Lo Wa Kei, Roy	144	–	–	144
Lee Kwong Yiu	144	–	–	144
Wong Che Man, Eddy	144	–	–	144
	432	–	–	432
	4,204	892	145	5,241

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

	Year ended 31 March 2018			
	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contribution HK$'000	Total HK$'000
Executive directors				
Ku Ngai Yung, Otis	1,000	208	25	1,233
Ku Ka Yung	1,138	48	24	1,210
Chan Chi Sun	930	294	43	1,267
Ma Sau Ching	1,002	342	49	1,393
	4,070	892	141	5,103
Independent non-executive directors				
Lo Wa Kei, Roy	132	–	–	132
Lee Kwong Yiu	132	–	–	132
Wong Che Man, Eddy	132	–	–	132
	396	–	–	396
	4,466	892	141	5,499

The executive directors' emoluments shown above were mainly for their directorship and/or their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

The Company does not officially have a position of Chief Executive Officer. However, Mr. Ku Ngai Yung, Otis has been assuming the role of Chief Executive Officer. His emoluments disclosed above include those for services rendered by him as the role of Chief Executive Officer.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration in both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

11. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals of the Group during the year included four (2018: four) directors of the Company whose emoluments are set out in note 10. The emoluments of the remaining one (2018: one) individual was as follows:

	2019	2018
	HK$'000	HK$'000
Salaries and other benefits	**1,313**	1,359
Retirement benefits scheme contribution	**44**	43
	1,357	1,402

The number of the highest paid individual who is not the directors of the Company whose remuneration fell within the following band is as follows:

	2019	2018
	Number of employee	Number of employee
HK$1,000,001 to HK$1,500,000	**1**	1

During the years ended 31 March 2019 and 2018, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

12. 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.

13. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings in Hong Kong HK$'000	Leasehold land and buildings in the PRC HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST								
At 1 April 2017	8,043	108,061	252,169	459,948	146,282	10,059	4,640	989,202
Exchange adjustments	–	1,370	114	–	156	–	–	1,640
Additions	–	2,413	12,221	24,932	7,949	1,689	3,448	52,652
Transfer	–	–	2,026	–	–	–	(2,026)	–
Disposal/written off	–	–	–	(715)	(44)	(1,431)	–	(2,190)
At 31 March 2018	8,043	111,844	266,530	484,165	154,343	10,317	6,062	1,041,304
Exchange adjustments	–	(826)	(69)	–	(101)	(17)	–	(1,013)
Additions	–	2,543	23,691	21,803	8,471	728	3,113	60,349
Transfer	–	–	5,431	–	–	–	(5,431)	–
Disposal/written off	–	–	–	(3,297)	(38)	(400)	–	(3,735)
At 31 March 2019	8,043	113,561	295,583	502,671	162,675	10,628	3,744	1,096,905
DEPRECIATION								
At 1 April 2017	3,123	25,107	191,192	362,863	129,085	8,650	–	720,020
Exchange adjustments	–	47	24	–	100	–	–	171
Provided for the year	161	2,209	17,522	22,235	6,575	775	–	49,477
Eliminated on disposals/write-off	–	–	–	(98)	(42)	(1,431)	–	(1,571)
At 31 March 2018	3,284	27,363	208,738	385,000	135,718	7,994	–	768,097
Exchange adjustments	–	(37)	(21)	–	(69)	(3)	–	(130)
Provided for the year	161	2,231	18,239	22,889	6,176	831	–	50,527
Eliminated on disposals/write-off	–	–	–	(2,728)	(38)	(400)	–	(3,166)
At 31 March 2019	3,445	29,557	226,956	405,161	141,787	8,422	–	815,328
CARRYING VALUE								
At 31 March 2019	4,598	84,004	68,627	97,510	20,888	2,206	3,744	281,577
At 31 March 2018	4,759	84,481	57,792	99,165	18,625	2,323	6,062	273,207

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The carrying amounts of owner-occupied leasehold land and buildings in the PRC of HK$13,938,000 (2018: HK$15,024,000) at the end of the year included both the leasehold land and building elements in property, plant and equipment, as in the opinion of the directors of the Company, allocations of the carrying amounts between the leasehold land and buildings elements cannot be made reliably. The land portions of the remaining owner-occupied properties were included in prepaid lease payments.

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight line basis at the following rates per annum:

Land and buildings	Over the estimated useful lives of 50 years or the terms of leases, whichever is shorter
Leasehold improvements	10% – 20% or the lease terms, whichever is shorter
Plant and machinery	10% – 20%
Furniture and fixtures	20%
Motor vehicles	20%

15. PREPAID LEASE PAYMENTS

Prepaid lease payments represent land use rights held in the PRC and are analysed for reporting purposes as:

	2019	2018
	HK$'000	HK$'000
Non-current asset	**2,950**	3,041
Current asset	**91**	91
	3,041	3,132

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

16. INVESTMENT PROPERTIES

	HK$'000
COST	
At 1 April 2017	7,075
Exchange adjustments	675
At 31 March 2018	7,750
Additions	131,617
Exchange adjustments	(407)
At 31 March 2019	138,960
DEPRECIATION	
At 1 April 2017	177
Provided for the year	151
Exchange adjustments	21
At 31 March 2018	349
Provided for the year	3,929
Exchange adjustments	(19)
At 31 March 2019	4,259
CARRYING VALUE	
At 31 March 2019	134,701
At 31 March 2018	7,401

The fair value of the Group's investment properties at 31 March 2019 was approximately HK$136,061,000 (2018: HK$8,144,000).

The fair values of the Group's investment properties at 31 March 2019 and 31 March 2018 have been arrived at on the basis of valuations carried out as at those dates by an independent qualified professional valuer of BMI Appraisals Limited, who is also a director of BMI Appraisals Limited and a member of the Hong Kong Institute of Surveyors and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

16. INVESTMENT PROPERTIES (CONTINUED)

As at 31 March 2018, the fair value of the Group's investment properties situated in the PRC with carrying amount of HK$7,401,000 was approximately HK$8,144,000. The fair value of the investment properties situated in PRC was determined based on investment approach. The investment approach capitalises the current rent passing or the hypothetical rent of property, being held under existing tenancy and the reversionary potential of the tenancy if it has been or would be let to tenant.

Significant unobservable inputs used in valuing the investment properties in the PRC as at 31 March 2018 included the estimated unit rate per square meter ("sq.m.") and per month, and the yield generated from the average rental from comparable properties. The unit rate and the capitalisation rate adopted were ranged from Renminbi ("RMB") 195/sq.m./month to RMB208/sq.m./month and 4.5% respectively.

During the year ended 31 March 2019, the tenant did not choose to renew the rental contract and it was expired at the end of the rental period. In view of the information regarding to current rent was not available as at 31 March 2019, the valuation approach has been changed from investment approach to market comparable approach.

As at 31 March 2019, the fair value of the Group's investment properties situated in the PRC with carrying amount of HK$6,866,000 was approximately HK$8,060,000. The fair value of the investment properties situated in PRC was determined based on market comparable approach, where the prices per unit sq.m. of the property are assessed by reference to market evidence of transaction prices for similar properties in the same location and conditions in the PRC.

Significant unobservable inputs used in valuing the investment properties in the PRC as at 31 March 2019 included the estimated unit rate per sq.m., the unit rate adopted were ranged from RMB45,000/sq.m. to RMB50,000/sq.m..

As at 31 March 2019, the fair value of the Group's investment properties situated in Hong Kong with carrying amount of HK$127,835,000 (2018: nil) was approximately HK$128,000,000 (2018: nil). The fair value of the investment properties situated in HK was determined based on market comparable approach, where the prices per unit square feet ("sq.ft.") of the property are assessed by reference to market evidence of transaction prices for similar properties in the same location and conditions in Hong Kong.

Significant unobservable inputs used in valuing the investment properties in Hong Kong included the estimated unit rate per sq.ft., The unit rate adopted were ranged from HK$13,000/sq.ft. to HK$14,000/sq.ft. (2018: nil).

In estimating the fair value of the investment properties, the highest and best use of the investment properties is their current use.

The above investment properties are depreciated on a straight line basis over the estimated useful lives of 50 years or the terms of leases, whichever is shorter.

At 31 March 2019, the Group's investment properties with a carrying amount of HK$127,835,000 (2018: nil) have been pledged to secure the bank borrowings granted to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

17. INTANGIBLE ASSETS

	HK$'000
COST	
At 1 April 2017	–
Additions	55,684
At 31 March 2018 and 2019	55,684
AMORTISATION	
At 1 April 2017	–
Charge for the year	464
At 31 March 2018	464
Charge for the year	1,856
At 31 March 2019	2,320
CARRYING VALUES	
At 31 March 2019	53,364
At 31 March 2018	55,220

Intangible assets represented trademarks purchased from an independent third party. The trademarks had finite useful lives and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method over the expected lives of the trademarks, which is determined at 30 years.

18. INTEREST IN A JOINT VENTURE

	2019 HK$'000	2018 HK$'000
Cost of investment in a joint venture, unlisted	**469**	469
Share of post-acquisition profit (loss) and other comprehensive income (expense)	**525**	(280)
	994	189

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

18. INTEREST IN A JOINT VENTURE (CONTINUED)

The Group's joint venture is accounted for using the equity method in these consolidated financial statements. Details of the Group's joint venture at the end of the reporting year is as follows:

Name of joint venture	Place of incorporation/ operation	Class of shares held	Issued and fully paid share capital	Proportion of nominal value of issued share capital held by the Group 2019 %	2018 %	Proportion of voting power held *(note)* 2019 %	2018 %	Principal activity
Olona Crea Srl ("Olona")	Italy	Ordinary	Euro ("EUR") 100,000	**49**	49	**49**	49	Manufacturing of optical frames, sunglasses and related products

Note: Pursuant to the shareholders' agreement of Olona, the Group and the joint venturer can appoint 1 and 2 directors to the board of directors respectively, the decisions about the significant relevant activities of the joint venture require at least 75% voting in the board of directors. The directors of the Company consider the Group and the joint venturer exercise joint control over the joint venture and accordingly, it is accounted for as a joint venture of the Group.

INFORMATION OF A JOINT VENTURE THAT IS NOT MATERIAL

	2019 **HK$'000**	2018 HK$'000
The Group's share of profit (loss) from continuing operations	**865**	(264)
The Group's share of other comprehensive expense	**(60)**	(16)
The Group's share of total comprehensive income (expense)	**805**	(280)

19. DEPOSIT AND OTHER PAYMENTS PAID FOR ACQUISITION OF INVESTMENT PROPERTIES

During the current year, the Group has completed the acquisition of investment properties located in Hong Kong. The total consideration is HK$120,290,000 of which HK$12,029,000 was paid during the year ended 31 March 2018. The remaining balance was paid on 31 May 2018 (date of acquisition), of which HK$48,116,000 was financed by a mortgage loan. The Group has also capitalised approximately HK$10,225,000 during the year ended 31 March 2018 and HK$1,102,000 on 31 May 2018 (date of acquisition) for expenditures directly attributable to the acquisition.

20. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2019 **HK$'000**	2018 HK$'000
Deferred tax assets	**(147)**	(687)
Deferred tax liabilities	**2,734**	669
	2,587	(18)

The followings are the major deferred tax liabilities (assets) recognised by the Group and movements thereon during the current and prior years:

	Accelerated tax (accounting) depreciation HK$'000	**Impairment losses** HK$'000	**Total** HK$'000
At 1 April 2017	91	(660)	(569)
(Credit) charge to profit or loss	(109)	660	551
At 31 March 2018	(18)	–	(18)
Charge to profit or loss	2,605	–	2,605
At 31 March 2019	2,587	–	2,587

At 31 March 2019, the Group has unused tax losses of HK$3,463,000 (2018: HK$5,187,000) available to offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. The Hong Kong tax losses of HK$3,463,000 (2018: HK$2,013,000) may be carried forward indefinitely and no PRC tax losses (2018: HK$3,174,000) will expire in various dates in the next five years.

Under the EIT Law of the PRC, 10% withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards to non-PRC resident investors of the companies established in the PRC. For investors incorporated in Hong Kong, a preferential rate of 5% will be applied. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to such undistributed profits of the PRC subsidiaries amounting to approximately HK$17,664,000 (2018: HK$17,466,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

21. INVENTORIES

	2019 HK$'000	2018 HK$'000
Raw materials	**37,622**	42,704
Work in progress	**52,925**	58,448
Finished goods	**25,055**	13,409
	115,602	114,561

22. 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 HK$'000	2018 HK$'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.

As at 31 March 2019 and 1 April 2018, trade receivables from contracts with customers amounted to HK$241,652,000 and HK$245,905,000 respectively.

No interest is charged on the trade receivables. As at 31 March 2018, allowance for doubtful debts are provided based on assessment by the Group of the estimated future cash flows with reference to past default experience. The Group has provided fully for all receivables past due beyond 360 days because historical experience is such that receivables that are past due beyond 360 days are generally not recoverable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

22. TRADE AND OTHER RECEIVABLES (CONTINUED)

Before accepting any new customers, the Group carries out research on the creditability of new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed at least once a year. Trade receivables that are neither past due nor impaired have good track records with the Group.

As at 31 March 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$15,261,000 which are past due as at the reporting date. Out of the past due balances, HK$2,602,000 has been past due 90 days or more and is not considered as in default since the management considered the past due balances can be repaid based on repayment history.

As at 31 March 2018, included in the Group's trade receivables balance are receivables with a carrying amount of HK$16,998,000 which are past due at the reporting date for which the Group has not provided for impairment loss, as there has not been a significant change in credit quality and the amounts are still considered recoverable based on the historical experience. The Group does not hold any collateral over these balances.

MOVEMENT IN THE ALLOWANCE FOR DOUBTFUL DEBTS

	2018 HK$'000
At beginning of the year	7,629
Impairment losses recognised on trade receivables	1,123
Amount recovered during the year	(4,000)
Amount written off as uncollectible	(836)
Exchange adjustments	363
At end of the year	4,279

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of trade receivable from the date credit was initially granted up to the end of the reporting period.

Details of impairment assessment of trade receivables for the year ended 31 March 2019 are set out in note 31.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

23. DERIVATIVE FINANCIAL INSTRUMENTS

	2019	2018
	HK$'000	HK$'000
Foreign currency forward contracts		
– assets	**325**	566
– liabilities	**152**	–

The derivative financial instruments mainly represent the foreign currency forward contracts. The Group has entered into 12 (2018: 8) United States dollars ("US$")/RMB contracts in which the Group is able to sell US$/buy RMB at fixed exchange rates at a fixed future time. Major terms of the above foreign currency contracts are as below:

Aggregate notional amount	Maturity	Forward exchange rates
As at 31 March 2019		
US$3,600,000	**April 2019 to June 2019**	**Sell US$/buy RMB at 6.700 to 6.781**
As at 31 March 2018		
US$6,600,000	April 2018 to June 2018	Sell US$/buy RMB at 6.328 to 6.364

24. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits that are interest-bearing at market interest rates ranging from 0.01% to 2.93% (2018: 0.01% to 2.56%) per annum and have maturity of three months or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

25. 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
Deposits received from tenants	**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.

26. REFUND LIABILITIES

	31 March	1 April
	2019	2018
	HK$'000	HK$'000*
Arising from sales of products with a right of return	**4,056**	3,550

* The amount in this column is after the adjustments from the application of HKFRS 15.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

27. BANK BORROWINGS

	2019 HK$'000	2018 HK$'000
Secured bank borrowings, representing the mortgage loan	**46,508**	–

The carrying amounts of the bank borrowings that contain a repayment on demand clause (show under current liabilities) but repayable:		
Within one year	**1,956**	–
Within a period of more than one year but not exceeding two years	**2,004**	–
Within a period of more than two years but not exceeding five years	**6,290**	–
Within a period of more than five years	**36,258**	–
	46,508	–

The loan carries interest at variable market rate 1.3% above 1-month Hong Kong Interbank Offering Rate ("HIBOR") per annum, with a cap interest of 3.1% below the Hong Kong dollar Prime Rate per annum quoted by the lending bank and are repayable by instalments over a period of 20 years with a repayable on demand clause.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2019	2018
Effective interest rate:		
Variable-rate borrowings	**2.28%**	–

The loan is secured by the Group's investment properties with a carrying amount of HK$127,835,000 (2018: nil).

28. SHARE CAPITAL

	Number of ordinary shares	Nominal amount HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 April 2017, 31 March 2018 and 31 March 2019	500,000,000	50,000
Issued and fully paid:		
At 1 April 2017, 31 March 2018 and 31 March 2019	262,778,286	26,278

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

29. SHARE OPTIONS

Pursuant to a resolution passed on 22 August 2014 by the Company, a share option scheme of the Company (the "Share Option Scheme") that complies the Listing Rules with the amendments to Chapter 17 of the in relation to share option scheme was adopted.

The purpose of the Share Option Scheme is to provide incentives to eligible employees. Under the Share Option Scheme, the board of directors of the Company shall be entitled to, in its absolute discretion, grant options to eligible employees of the Company, or any of its subsidiaries, to subscribe for shares in the Company at a price which shall be the highest of (i) the closing price of the Company's shares quoted on the Stock Exchange on the date of offer of the share options; (ii) the average of the closing prices of the Company's shares quoted on the Stock Exchange on the five business days immediately preceding the date of offer of the share options; and (iii) the nominal value of the shares. The Share Option Scheme will expire on 21 August 2024.

An option may be exercised at any time during the period to be determined and notified by the board of directors to the grantee. Such period may commence on the date after the date of acceptance of such option to the tenth anniversary from the date of acceptance of that option. A consideration of HK$1 is payable upon acceptance of the offer.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme and any other share option scheme established by the Company, if any, is 26,277,828, representing 10% of the issued share capital of the Company at the date of approval of the Share Option Scheme. The total maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme, if any, shall not exceed 10% of the issued share capital of the Company from time to time.

No share options have been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption.

30. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern and to achieve optimisation of capital structure. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debt, which includes the bank borrowings disclosed in note 27, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, share premium, reserves and retained profits.

The directors of the Company review the capital structure periodically. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of management of the Group, the Group will balance its overall capital structure through the payment of dividends and repayment of existing debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

31. FINANCIAL INSTRUMENTS

31A. CATEGORIES OF FINANCIAL INSTRUMENTS

	2019 HK$'000	2018 HK$'000
Financial assets		
Amortised cost	**606,603**	–
Loans and receivables (including cash and cash equivalents)	**–**	644,880
FVTPL		
Derivative financial instruments	**325**	566
Financial liabilities		
Amortised cost	**166,448**	109,474
FVTPL		
Derivative financial instruments	**152**	–

31B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade and other receivables, derivative financial instruments, bank balances and cash, bank borrowings and trade and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Certain group entities have sales and purchases denominated in US$, RMB, EUR and Japanese Yen ("JPY") other than the functional currency of respective entities, which expose the Group to market risk arising from changes in foreign exchange rates.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities which included trade and other receivables, bank balances and cash and trade and other payables, excluding derivative financial instruments, at the reporting date are as follows:

	Assets		Liabilities	
	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000
US$	**467,087**	481,085	**28,207**	15,447
RMB	**40,560**	50,060	**43,512**	35,611
EUR	**1,120**	326	**1,888**	1,858
JPY	**178**	241	**1,979**	540

Management of the Group monitors foreign exchange exposure and uses foreign exchange forward contracts and/or other appropriate tools to mitigate foreign currency exposure when necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

31. FINANCIAL INSTRUMENTS (CONTINUED)

31B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis

The Group is mainly exposed to the fluctuation of relevant foreign currency against HK$.

The following table details the Group's sensitivity to a 5% increase and decrease in the relevant foreign currency against the functional currency of the relevant group entities. 5% represents the reasonably possible change in foreign exchange rates if currency risk is to be assessed by key management. The sensitivity analysis includes only outstanding relevant foreign currency denominated monetary items, excluding derivative financial instruments, and except US$ as the directors of the Company consider that the Group's exposure to US$ is insignificant on the ground that HK$ is pegged to US$. The sensitivity analysis adjusts their translation at the year end for a 5% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in post-tax profit where the relevant foreign currency weakens 5% against HK$. For a 5% strengthening of the relevant foreign currency against HK$, there would be an equal and opposite impact on the profit.

	2019 HK$'000	2018 HK$'000
RMB impact	123	(603)
EUR impact	32	64
JPY impact	75	12

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings.

Management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant as the management does not anticipate a material change in interest rate on bank balances.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's HK$ denominated bank borrowings.

Sensitivity analysis

As at 31 March 2019, 50 basis points increase/decrease in HIBOR was not significant to the consolidated financial statements. Accordingly, no sensitivity analysis was performed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

31. FINANCIAL INSTRUMENTS (CONTINUED)

31B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk and impairment assessment

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Trade receivables arising from contracts with customers

In order to minimise the credit risk, management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2018: incurred loss model) on trade balances. Except for those with credit-impaired are assessed for ECL individually, the Group calculates the ECL on the remaining balances collectively by using a provision matrix, grouped by past due analysis. In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

Bank balances/other receivables

Although the bank balances are concentrated on certain counterparties, the credit risk on liquid funds are limited because the counterparties are banks with high credit ratings and quality.

The Group has no concentration of credit risk on other receivables and the credit risk is limited because the counterparties have good repayment history.

The Group has concentration of credit risk with exposure limited to certain counterparties and customers. At the end of reporting period, the Group's five largest customers accounted for HK$162,523,000 (2018: HK$170,139,000) of the Group's trade receivables.

Other than the concentration of the credit risk on trade receivables and bank balances, the Group does not have any other significant concentration of credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

31. FINANCIAL INSTRUMENTS (CONTINUED)

31B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

31 March 2019	*NOTES*	External credit rating	Internal credit rating	12-m or lifetime ECL	Gross carrying amount HK$'000
Financial assets at amortised cost					
Bank balances	*24*	AA+ to B	N/A	12-m ECL	357,778
Deposits	*22*	N/A	*(Note 1)*	12-m ECL	4,403
Amounts due from entities controlled by non-controlling shareholders of a subsidiary	*22*	N/A	*(Note 1)*	12-m ECL	488
Amount due from a non-controlling shareholder of a subsidiary	*22*	N/A	*(Note 1)*	12-m ECL	7
Other receivables	*22*	N/A	*(Note 1)*	12-m ECL	1,285
Trade receivables	*22*	N/A	*(Note 2)*	Lifetime ECL (provision matrix)	244,184
			Loss	Credit-impaired	1,136

Notes:

1. For deposits, amounts due from entities controlled by non-controlling shareholders of a subsidiary, amount due from a non-controlling shareholder of a subsidiary and other receivables, the credit risk on the balances is low as they are not past due and have good repayment history. Accordingly, the amount of ECL is insignificant.

2. For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with credit-impaired are assessed individually, the Group calculates the ECL on the remaining debtors by using a provision matrix, grouped by past due analysis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

31. FINANCIAL INSTRUMENTS (CONTINUED)

31B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk and impairment assessment (continued)

Provision matrix – debtor's aging

As part of the Group's credit risk management, debtors with credit-impaired with gross carrying amounts of HK$1,136,000 as at 31 March 2019 were assessed individually. For the remaining debtors, the Group uses debtor aging for its customers in relation to its eyewear products, contact lens and royalty operation because these customers consist of common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at 31 March 2019 within lifetime ECL (not credit-impaired).

	Average loss rate	**Trade receivables** HK$'000
Current (not past due)	0.4%	226,391
Overdue up to 90 days	1.5%	12,659
Overdue more than 90 days	27.97%	5,134
		244,184

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) HK$'000	**Lifetime ECL (credit-impaired)** HK$'000	**Total** HK$'000
As at 1 April 2018	–	4,279	4,279
Changes due to financial instruments recognised as at 1 April:			
– Write-offs	–	(50)	(50)
– Impairment losses reversed	–	(2,887)	(2,887)
New financial assets originated	2,548	–	2,548
Exchange adjustments	(16)	(206)	(222)
As at 31 March 2019	2,532	1,136	3,668

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

31. FINANCIAL INSTRUMENTS (CONTINUED)

31B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk and impairment assessment (continued)

Provision matrix – debtor's aging (continued)

Changes in the loss allowance for trade receivables are mainly due to:

	31 March 2019 Decrease in lifetime ECL (credit-impaired) HK$'000
Settlement in full of trade debtors with a gross carrying amount of HK$2,887,000	2,887

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for the non-derivative financial liabilities are based on agreed repayment dates. The table includes principal cash flows as these financial liabilities are non-interest bearing.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

Liquidity table

	Weighted average interest rate %	On demand or 1–30 days HK$'000	31–90 days HK$'000	91–365 days HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 March 2019 HK$'000
2019						
Non-derivative financial instruments						
Trade and other payables	–	93,224	15,146	11,570	119,940	119,940
Bank borrowings	2.28	46,508	–	–	46,508	46,508
		139,732	15,146	11,570	166,448	166,448
Derivative-net settlement						
Derivative financial instruments	–	152	–	–	152	152

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

31. FINANCIAL INSTRUMENTS (CONTINUED)

31B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

Liquidity table (continued)

	Weighted average interest rate %	On demand or 1–30 days HK$'000	31–90 days HK$'000	91–365 days HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 March 2018 HK$'000
2018						
Non-derivative financial instruments						
Trade and other payables	–	87,981	9,604	11,889	109,474	109,474

Bank borrowings with a repayment on demand clause are included in the "on demand or 1 – 30 days" time band in the above maturity analysis. As at 31 March 2019, the aggregate carrying amounts of these bank loans amounted to HK$46,508,000 (2018: nil). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be fully repaid twenty years after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

Maturity Analysis – Bank loans with a repayment on demand clause based on scheduled repayments

	Weighted average interest rate %	**Less than 1 year** HK$'000	**1–2 years** HK$'000	**2–5 years** HK$'000	**Over 5 years** HK$'000	**Total undiscounted cash outflows** HK$'000	**Carrying amount** HK$'000
31 March 2019	2.28	2,997	2,997	8,991	42,453	57,438	46,508
31 March 2018	–	–	–	–	–	–	–

Note: The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

31. FINANCIAL INSTRUMENTS (CONTINUED)

31C. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Some of the Group's financial instruments are measured at fair value on a recurring basis at the end of each reporting period. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation technique(s) and inputs used), as well as the level of fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

Financial assets	Fair value as at 31 March 2019	Fair value as at 31 March 2018	Fair value hierarchy	Valuation techniques and key inputs
Derivative financial instruments *(note 23)*	Assets – HK$325,000 Liabilities – HK$152,000	Assets – HK$566,000	Level 2	Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates

There were no transfers into and out of Level 2 in the current and prior years.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured in amortised cost in the consolidated financial statements which are not measured at fair value on a recurring basis approximate their fair values at the end of the reporting period.

32. RECONCILIATION OF LIABILITIES ARISING FROM A FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from a financing activities, including both cash and non-cash changes. Liabilities arising from a financing activities are that for which cash flow was, or future cash flows will be classified in the Group's consolidated statement of cash flows as cash flow from financing activities.

	Bank borrowings HK$'000	Dividend payable HK$'000	Total HK$'000
At 1 April 2017	–	–	–
Dividends declared	–	65,695	65,695
Financing cash flows	–	(65,695)	(65,695)
At 31 March 2018	–	–	–
Interest accrued	878	–	878
Dividends declared	–	47,301	47,301
Financing cash flows	45,630	(47,301)	(1,671)
At 31 March 2019	46,508	–	46,508

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

33. OPERATING LEASES

THE GROUP AS A LEASEE

The Group made minimum lease payments of approximately HK$17,926,000 (2018: HK$16,707,000) under operating leases during the year in respect of premises.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2019 **HK$'000**	2018 HK$'000
Within one year	**18,904**	19,162
In the second to fifth year inclusive	**28,126**	24,586
Over five years	**6,191**	6,335
	53,221	50,083

Operating lease payments represent rentals payable by the Group for certain of its premises. Leases are negotiated for an average term of one to ten years and rentals are fixed over the lease terms.

THE GROUP AS A LESSOR

Property rental income earned during the year was approximately HK$2,286,000 (2018: HK$394,000), net of negligible outgoings.

At the end of the reporting period, the Group had contracted with tenants in respect of its investment properties for future minimum lease payments which fall due as fellow:

	2019 **HK$'000**	2018 HK$'000
Within one year	**2,661**	123
In the second to fifth year inclusive	**1,926**	–
	4,587	123

Operating lease arrangements represent rentals receivable by the Group's premises. Leases are negotiated for an average term of within three years (2018: one year) and rentals are fixed over the lease terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

34. CAPITAL AND OTHER COMMITMENTS

	2019	2018
	HK$'000	HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– Acquisition of investment properties	**–**	108,261
– Acquisition of plant and machinery	**4,510**	10,145
– Factory under construction or renovation	**1,274**	9,822
	5,784	128,228
Commitments contracted for but not provided in the consolidated financial statements in respect of license fee for brand names:		
Within one year	**2,375**	6,131
In the second to fifth year inclusive	**2,547**	5,468
	4,922	11,599
	10,706	139,827

35. RETIREMENT BENEFITS SCHEME

Effective from 1 December 2000, the Group has joined the MPF Scheme for its employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme.

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect of the retirement benefit schemes is to make the required contributions under the schemes.

The Group operated a defined contribution retirement benefits scheme ("Defined Contribution Scheme") for certain employees. The assets of the scheme were held in funds under the control of an independent trustee. Where there were employees who leave the Defined Contribution Scheme prior to vesting, the contribution payable by the Group are reduced by the amount of forfeited contributions.

The retirement benefits scheme contribution arising from the Defined Contribution Scheme, the MPF Scheme and the PRC state-managed retirement benefit scheme charged to profit or loss represents contributions paid and payable to the funds by the Group at rates specified in the rules of the schemes.

The total cost charged to profit or loss of HK$43,606,000 (2018: HK$36,510,000) represents contributions paid and payable to these schemes by the Group in respect of the current financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

36. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following transactions with related parties:

Relationship with related parties	**Nature of transaction**	**2019 HK$'000**	2018 HK$'000
An entity controlled by a non-controlling shareholder of a subsidiary	Management fees	**6**	30

COMPENSATION OF KEY MANAGEMENT PERSONNEL

Key management personnel of the Group comprised of directors. The compensation of directors of the Company for both years are set out in note 10.

The remuneration of key management personnel were determined by the remuneration committee having regard to the performance of individuals and market trends.

37. SUMMARISED FINANCIAL INFORMATION OF THE COMPANY

	NOTE	**2019 HK$'000**	2018 HK$'000
NON-CURRENT ASSET			
Investment in a subsidiary		**111,968**	111,968
CURRENT ASSETS			
Amounts due from subsidiaries		**253,221**	233,151
Other assets		**703**	4,844
		253,924	237,995
CURRENT LIABILITIES			
Amounts due to subsidiaries		**177,513**	161,987
Other liabilities		**223**	405
		177,736	162,392
NET CURRENT ASSETS		**76,188**	75,603
		188,156	187,571
Share capital		**26,278**	26,278
Share premium and reserve	*(i)*	**161,878**	161,293
		188,156	187,571

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

37. SUMMARISED FINANCIAL INFORMATION OF THE COMPANY (CONTINUED)

Note:

(i) Share premium and reserve

	Share premium HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2017	78,945	132,119	211,064
Profit for the year	–	15,924	15,924
Dividends recognised as distribution *(note 12)*	–	(65,695)	(65,695)
At 31 March 2018	78,945	82,348	161,293
Profit for the year	–	47,886	47,886
Dividends recognised as distribution *(note 12)*	–	(47,301)	(47,301)
At 31 March 2019	78,945	82,933	161,878

38. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries of the Company at 31 March 2019 and 2018 are as follows:

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid ordinary share capital/registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company 2019	2018	Principal activities
Sun Hing Optical International Group Limited *(Note a)*	The BVI	HK$106	100%	100%	Investment holding
101 (Hong Kong) Limited	Hong Kong	HK$4	100%	100%	Sales of optical frames, sunglasses and related products
101 Studio Limited	Hong Kong	HK$9	100%	100%	Sales of optical frames, sunglasses and related products
New Prosperity Optical Manufactory Limited	The BVI/PRC	US$1	100%	100%	Property holding
Sun Hing Optical Manufactory Limited	Hong Kong	HK$2	100%	100%	Manufacturing and sales of optical frames, sunglasses and related products
Yorkshire Holdings Limited	Hong Kong	HK$10	100%	100%	Property holding
紫金縣新基眼鏡五金配件有限公司 *(Note b)*	The PRC	HK$100,200,000	100%	100%	Manufacturing of optical frames, sunglasses and related products
東莞新溢眼鏡制造有限公司 *(Note b)*	The PRC	US$34,000,000	100%	100%	Manufacturing of optical frames, sunglasses and related products

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

38. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid ordinary share capital/registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company 2019	2018	Principal activities
深圳佰萊德貿易有限公司 *(Note b)*	The PRC	US$3,000,000	100%	100%	Sales of optical frames, sunglasses and related products
廣州市窗外企業管理有限公司 *(Note b)*	The PRC	RMB4,000,000	51%	51%	Sales of optical frames, sunglasses and related products
101 Studio Investment Limited	Hong Kong	HK$2	100%	100%	Trademark holding
SHV Holdings Limited	Hong Kong	HK$2	100%	100%	Properties holding
101 Studio (Eyecare) Limited	Hong Kong	HK$2	100%	100%	Trading of contact lens

Notes:

(a) Sun Hing Optical International Group Limited is directly held by the Company and all other subsidiaries are indirectly held.

(b) The subsidiaries established in the PRC are registered as wholly foreign owned enterprises.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities subsisting at 31 March 2019 or at any time during the year.

FINANCIAL SUMMARY

RESULTS

	Year ended 31 March				
	2015	2016	2017	2018	**2019**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	1,213,513	1,077,641	1,067,448	1,001,644	**1,223,917**
Profit before tax	82,997	63,416	86,688	74,708	**84,749**
Income tax expense	(16,190)	(8,851)	(16,145)	(10,435)	**(12,230)**
Profit for the year	66,807	54,565	70,543	64,273	**72,519**
Profit (loss) for the year attributable to:					
Owners of the Company	67,007	55,440	70,903	64,055	**72,124**
Non-controlling interests	(200)	(875)	(360)	218	**395**
	66,807	54,565	70,543	64,273	**72,519**

ASSETS AND LIABILITIES

	At 31 March				
	2015	2016	2017	2018	**2019**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	1,138,944	1,125,204	1,110,201	1,127,798	**1,213,295**
Total liabilities	(202,236)	(200,239)	(178,053)	(189,902)	**(259,446)**
Shareholders' equity	936,708	924,965	932,148	937,896	**953,849**
Attributable to:					
Owners of the Company	935,596	924,762	932,374	937,817	**953,417**
Non-controlling interests	1,112	203	(226)	79	**432**
	936,708	924,965	932,148	937,896	**953,849**

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Ku Ngai Yung, Otis – *Chairman*
Ku Ka Yung – *Deputy Chairman*
Chan Chi Sun
Ma Sau Ching

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lo Wa Kei, Roy
Lee Kwong Yiu
Wong Che Man, Eddy

COMPANY SECRETARY

Lee Kar Lun, Clarence

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISER IN HONG KONG

King & Wood Mallesons

LEGAL ADVISER ON BERMUDA LAW

Conyers Dill & Pearman

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

1001C, 10th Floor, Sunbeam Centre
27 Shing Yip Street, Kwun Tong
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR

Codan Services Limited
Clarendon House, 2 Church Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Union Registrars Limited
Suites 3301–04, 33/F.
Two Chinachem Exchange Square
338 King’s Road
North Point
Hong Kong

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
The Bank of Tokyo-Mitsubishi UFJ, Limited
Citibank, N.A.
Chong Hing Bank Limited

WEBSITE

www.sunhingoptical.com

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

Stock Code 股份代號：125
www.sunhingoptical.com