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

(Incorporated in Bermuda with limited liability)

(Stock Code: 125)

RESULTS ANNOUNCEMENT
FINANCIAL YEAR ENDED 31 MARCH 2020

The board (the "Board") of directors (the "Directors") of Sun Hing Vision Group Holdings Limited (the "Company") hereby announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2020 together with the comparative figures for last year as follow:

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	NOTES	**2020** **HK$'000**	2019 HK$'000
Revenue	3		
Goods		**908,369**	1,219,930
Leases		**2,872**	1,968
Royalty		**1,546**	2,019
Total revenue		**912,787**	1,223,917
Cost of sales		**(752,269)**	(959,267)
Gross profit		**160,518**	264,650
Other income, gains and losses	4	**(198)**	15,399
(Provision) reversal of impairment losses on trade receivables, net	5	**(14,108)**	339
Impairment losses on property, plant and equipment	6	**(112,000)**	–
Impairment losses on right-of-use assets	6	**(18,000)**	–
Selling and distribution costs		**(33,793)**	(38,670)
Administrative expenses		**(144,798)**	(156,956)
Share of (loss) profit of a joint venture		**(931)**	865
Finance costs	7	**(2,430)**	(878)
(Loss) profit before tax		**(165,740)**	84,749
Income tax expense	8	**(79)**	(12,230)
(Loss) profit for the year	9	**(165,819)**	72,519
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(2,296)**	(5,655)
Share of other comprehensive expense of a joint venture		**(13)**	(60)
		(2,309)	(5,715)
Total comprehensive (expense) income for the year		**(168,128)**	66,804
(Loss) profit for the year attributable to:			
Owners of the Company		**(165,913)**	72,124
Non-controlling interests		**94**	395
		(165,819)	72,519
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(168,112)**	66,451
Non-controlling interests		**(16)**	353
		(168,128)	66,804
(Loss) earnings per share			
Basic	11	**HK(63) cents**	HK27 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2020

	NOTES	**2020** **HK$'000**	2019 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**159,577**	281,577
Right-of-use assets		**13,882**	–
Prepaid lease payments		**–**	2,950
Investment properties		**129,579**	134,701
Intangible assets		**51,508**	53,364
Interest in a joint venture		**50**	994
Deposits paid for acquisition of property, plant and equipment and right-of-use asset		**16,592**	5,036
Deferred tax assets		**4,806**	147
		375,994	478,769
CURRENT ASSETS			
Inventories		**125,865**	115,602
Trade and other receivables	12	**218,842**	256,457
Prepaid lease payments		**–**	91
Derivative financial instruments		**7**	325
Tax recoverable		**3,227**	3,283
Bank balances and cash		**308,806**	358,768
		656,747	734,526
CURRENT LIABILITIES			
Trade and other payables	13	**187,173**	199,677
Lease liabilities		**10,196**	–
Refund liabilities		**2,660**	4,056
Derivative financial instruments		**382**	152
Tax payable		**7,038**	6,319
Bank borrowings		**44,544**	46,508
		251,993	256,712
NET CURRENT ASSETS		**404,754**	477,814
TOTAL ASSETS LESS CURRENT LIABILITIES		**780,748**	956,583

	2020	2019
	HK$'000	*HK$'000*
CAPITAL AND RESERVES		
Share capital	**26,278**	26,278
Share premium and reserves	**728,807**	927,139
Equity attributable to owners of the Company	**755,085**	953,417
Non-controlling interests	**416**	432
TOTAL EQUITY	**755,501**	953,849
NON-CURRENT LIABILITIES		
Lease liabilities	**18,996**	–
Deferred tax liabilities	**6,251**	2,734
	25,247	2,734
TOTAL EQUITY AND NON-CURRENT LIABILITIES	**780,748**	956,583

Notes:

1. **SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

Basis of consolidation

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

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

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

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

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

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

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

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

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

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

HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 "Leases" ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has 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. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as an alternative of impairment review; and

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 4.31% per annum.

	At 1 April 2019
	HK$'000
Operating lease commitments disclosed as at 31 March 2019	53,221
Lease liabilities discounted at relevant incremental borrowing rates	42,933
Less: Recognition exemption – short-term leases	(70)
Practical expedient – Leases with lease term ending within 12 months from the date of initial application	(45)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 as at 1 April 2019	42,818
Analysed as	
Current	16,842
Non-current	25,976
	42,818

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	Right-of-use assets
	HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	42,818
Reclassified from prepaid lease payments *(note i)*	3,041
Adjustments on rental deposits at 1 April 2019 *(note ii)*	330
	46,189
By class:	
Leasehold lands	3,041
Leased buildings	43,148
	46,189

Notes:

(i) Upfront payments for leasehold lands in the People's Republic of China (the "PRC") for own used properties were classified as prepaid lease payments as at 31 March 2019. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to HK$91,000 and HK$2,950,000 respectively were reclassified to right-of-use assets.

(ii) Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied under other receivables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, the discounting effect of HK$330,000 was adjusted to refundable rental deposits paid and right-of-use assets.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

(a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 April 2019. The application has had no material impact on the Group's consolidated statement of financial position at 1 April 2019. However, effective 1 April 2019, lease payments relating to the revised lease term after modification are recognised as income on a straight-line basis over the extended lease term.

(b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied under creditors and accruals. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. As at 1 April 2019, the discounting effect is insignificant.

(c) Effective on 1 April 2019, the Group has applied HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15") to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the consolidated financial statements of the Group for the current year.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019	**Adjustments**	**Carrying amounts under HKFRS 16 at 1 April 2019**
	HK$'000	*HK$'000*	*HK$'000*
Non-current Assets			
Right-of-use assets	–	46,189	46,189
Prepaid lease payments	2,950	(2,950)	–
Current Assets			
Prepaid lease payments	91	(91)	–
Trade and other receivables	256,457	(330)	256,127
Current Liabilities			
Lease liabilities	–	16,842	16,842
Non-current Liabilities			
Lease liabilities	–	25,976	25,976

For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 March 2020, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 April 2019 as disclosed above.

The directors of the Company consider the application of HKFRS 16 as a lessor has no material impact on the Group's consolidated statement of financial position as at 31 March 2020 and its consolidated statements of profit or loss and other comprehensive income and cash flow for the year ended 31 March 2020.

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 16	Covid-19-Related Rent Concessions[6]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[5]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[5]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[5]

1 Effective for annual periods beginning on or after 1 January 2021

2 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

3 Effective for annual periods beginning on or after a date to be determined

4 Effective for annual periods beginning on or after 1 January 2020

5 Effective for annual periods beginning on or after 1 January 2022

6 Effective for annual periods beginning on or after 1 June 2020

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, "the Amendments to References to the Conceptual Framework in HKFRS Standards", will be effective for annual periods beginning on or after 1 January 2020.

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

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 judgments. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;

- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and

- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs 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.

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for the Group's annual period beginning on or after 1 April 2020. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

Amendments to HKFRS 16 "Covid-19-Related Rent Concessions"

The amendment is effective for annual reporting periods beginning on or after 1 June 2020.

The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

3. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers is as follows:

	2020			2019		
Segments	**Eyewear Products** *HK$'000*	**Contact lens** *HK$'000*	**Others** *HK$'000*	Eyewear Products *HK$'000*	Contact lens *HK$'000*	Others *HK$'000*
Types of goods or services						
Manufacturing and trading of eyewear products	**891,608**	**–**	**–**	1,083,351	–	–
Trading of contact lens	**–**	**16,761**	**–**	–	136,579	–
Granting license of trademarks	**–**	**–**	**1,546**	–	–	2,019
	891,608	**16,761**	**1,546**	1,083,351	136,579	2,019
Timing of revenue recognition						
A point in time	**891,608**	**16,761**	**–**	1,083,351	136,579	–
Over time	**–**	**–**	**1,546**	–	–	2,019
Total	**891,608**	**16,761**	**1,546**	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.

	2020 *HK$'000*	2019 *HK$'000*
Eyewear products	**891,608**	1,083,351
Contact lens	**16,761**	136,579
Others – royalty income	**1,546**	2,019
Revenue from contracts with customers	**909,915**	1,221,949
Operating lease income from investment properties in Hong Kong	**2,872**	1,968
	912,787	1,223,917

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 return/exchange for dissimilar products. The Group uses its accumulated historical experience to estimate the number of return/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 reporting period.

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

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

Contracts for royalty income typically have a 3-years non-cancellable term in which the Group bills at a fixed rate for each 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 the relevant licensing agreement. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Segment information

The Group's operating segments, identified 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, is as follows:

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

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

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

For the year ended 31 March 2020

	Eyewear products	**Contact lens**	**Others**	**Elimination**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(Note)		
SEGMENT REVENUE					
External sales	**891,608**	**16,761**	**4,418**	**–**	**912,787**
Inter-segment sales	**–**	**–**	**5,052**	**(5,052)**	**–**
	891,608	**16,761**	**9,470**	**(5,052)**	**912,787**
Segment results	**(164,929)**	**819**	**2,891**	**–**	**(161,219)**
Unallocated other income, gains and losses					**4,778**
Central administration costs					**(5,938)**
Share of loss of a joint venture					**(931)**
Finance cost					**(2,430)**
Loss before tax					**(165,740)**

Note: Included in others is royalty income from granting license of trademarks amounted to HK$6,598,000 which contains the related inter-segment sales amounting to HK$5,052,000.

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
Finance cost					(878)
Profit before tax					84,749

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

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

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

Geographical information

The Group's operations are located in Hong Kong and the Guangdong Province in the PRC. The Group's information about its revenue from external customers analysed by the location of the customers are detailed below:

	Revenue from external customers	
	2020	2019
	HK$'000	*HK$'000*
Hong Kong	**42,689**	44,527
The PRC	**81,999**	97,382
Japan	**64,952**	180,036
Italy	**318,957**	440,662
United States	**284,768**	309,415
Other countries	**119,422**	151,895
	912,787	1,223,917

4. OTHER INCOME, GAINS AND LOSSES

	2020	2019
	HK$'000	*HK$'000*
Other income		
– Bank interest income	**4,481**	3,626
– Sales of scrap materials	**1,037**	1,308
– Government subsidies *(Note i)*	**604**	576
– Rental income from investment properties in the PRC *(Note ii)*	**133**	318
– Others	**415**	306
	6,670	6,134
Other gains and losses		
– Fair value changes on derivative financial instruments	**(548)**	(393)
– Loss on disposals of property, plant and equipment	**(118)**	(456)
– Net foreign exchange (losses) gains	**(6,202)**	10,114
	(6,868)	9,265
	(198)	15,399

Notes:

(i) Government subsidies mainly represents subsidies for participating in the local electricity saving scheme and employments related subsidies, which are credited to profit or loss upon receipt as no future related costs is expected to be incurred nor related to any assets.

(ii) The amount represents rental income recognised by a PRC subsidiary of the Company of which its principle business is not property rental business.

5. (PROVISION) REVERSAL OF IMPAIRMENT LOSSES ON TRADE RECEIVABLES, NET

	2020	2019
	HK$'000	*HK$'000*
Net (provision) reversal of impairment losses on:		
– Trade receivables	**(14,108)**	339

6. IMPAIRMENT LOSSES ON PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS

During the year ended 31 March 2020, in view of the reduction of worldwide market demand for eyewear products due to the deterioration of the macroeconomic environment and the global outbreak of the coronavirus, the sales volumes of eyewear products and the average utilization rate of the Group's existing production capacity decreased. The management of the Group concluded that there was indication for impairment and conducted impairment assessments on the recoverable amounts of certain long-lived assets of the Group's business of manufacturing and trading of eyewear products, comprising principally certain of the Group's property, plant and equipment, right-of-use assets, intangible assets, deposits paid for acquisition of property and plant and equipment and right-of-use asset and deferred tax assets (the "Identified Long-lived Assets"). The Group considers the manufacturing and trading of eyewear products as a cash-generating unit ("CGU").

As at 31 March 2020, the aggregate gross carrying amounts of the Identified Long-lived Assets before impairment was HK$354,215,000, including certain property, plant and equipment, right-of-use assets, intangible assets, deposits paid for acquisition of property, plant and equipment and right-of-use asset and deferred tax assets of HK$271,277,000, HK$31,882,000, HK$29,658,000, HK$16,592,000 and HK$4,806,000 respectively. The recoverable amounts of certain of the Identified Long-lived Assets are estimated individually. The Group estimates the recoverable amount of the CGU of manufacturing and trading of eyewear products to which the Identified Long-lived Assets belong when it is not possible to estimate the recoverable amount of each of the Identified Long-live Assets individually.

The recoverable amounts of all of the Identified Long-lived Assets have been determined based on value in use calculation. The calculation uses pre-tax cash flow projections based on financial budgets approved by management of the Group covering a five-year period and discounted by pre-tax rates specific to the relevant CGU. The cash flows beyond the five-year period are extrapolated using growth rates which do not exceed the historical trend of the respective CGU nor the industry growth rates. Management determines the financial budgets based on past performance and its expectations for market developments, including the expectations of the macroeconomic outlooks in China and the countries in which the Group's major customers operate in, the market demand of the Group's eyewear products, among others. The growth rate beyond the five-year budget period and discount rate used for value in use calculation for the Identified Long-lived Assets as at 31 March 2020 are 2.3% and 14.66% respectively.

Based on the result of the assessment, management of the Group determined that the recoverable amount of the CGU is lower than the carrying amount. The impairment amount has been allocated such that the carrying amounts of the Identified Long-lived Assets are not reduced below the highest of their respective fair value less cost of disposal, value in use and zero. Based on the value in use calculation and the allocation, impairments losses of HK$112,000,000 and HK$18,000,000 (2019: nil), have been recognised against the carrying amounts of property, plant and equipment and right-of-use assets respectively.

7. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest expense on:		
Bank borrowings	**1,022**	878
Lease liabilities	**1,408**	–
	2,430	878

8. INCOME TAX EXPENSE

	2020 *HK$'000*	2019 *HK$'000*
The charge (credit) comprises:		
Current tax		
– Hong Kong Profits Tax	**142**	7,146
– PRC Enterprise Income Tax ("EIT")	**1,901**	4,110
– United States Withholding Tax	**464**	606
	2,507	11,862
Overprovision in respect of prior years		
– Hong Kong Profits Tax	**(707)**	(2,237)
– PRC EIT	**(579)**	–
	(1,286)	(2,237)
Deferred taxation		
– Current year	**(1,142)**	2,605
	79	12,230

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2018 (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 year ended 31 March 2019, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

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

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

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.

9. (LOSS) PROFIT FOR THE YEAR

	2020	2019
	HK$'000	*HK$'000*
(Loss) profit for the year has been arrived at after charging:		
Auditor's remuneration	**1,750**	1,398
Cost of inventories recognised as expense (inclusive of allowance for inventories of HK$1,946,000 (2019: HK$14,129,000))	**726,330**	943,916
Release of prepaid lease payments	**–**	91
Depreciation and amortisation		
– depreciation of property, plant and equipment	**51,344**	50,527
– depreciation of investment properties	**4,679**	3,929
– depreciation of right-of-use assets	**16,964**	–
– amortisation of intangible assets (included in cost of sales)	**1,856**	1,856
	74,843	56,312
Capitalised in inventories	**(34,575)**	(23,838)
	40,268	32,474
Staff costs		
– directors' emoluments	**4,364**	5,241
– other staff costs, comprising mainly salaries	**404,349**	414,925
– retirement benefits scheme contribution excluding those of directors'	**43,078**	43,461
	451,791	463,627
Capitalised in inventories	**(308,507)**	(366,308)
	143,284	97,319

10. DIVIDENDS

	2020	2019
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
Final, paid – HK10.0 cents per share for 2019 (2019: HK10.0 cents per share for 2018)	**26,278**	26,278
Special final, paid – nil for 2019 (2019: HK2.0 cents per share for 2018)	**–**	5,256
Interim, paid – nil for 2020 (2019: HK4.5 cents per share for 2019)	**–**	11,825
Special interim, paid – HK1.5 cents per share for 2020 (2019: HK1.5 cents per share for 2019)	**3,942**	3,942
	30,220	47,301

No final dividend in respect of the year ended 31 March 2020 has been proposed by the directors of the Company (2019: a final dividend of HK10 cents in total of HK$26,278,000).

11. (LOSS) EARNINGS PER SHARE

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

	2020	2019
	HK$'000	*HK$'000*
(Loss) earnings		
(Loss) earnings attributable to owners of the Company for the purposes of basic (loss) earnings per share	**(165,913)**	72,124
Number of shares		
Number of ordinary shares for the purposes of basic (loss) earnings per share	**262,778,286**	262,778,286

Diluted (loss) earnings per share is not presented for the years ended 31 March 2020 and 2019 as there was no potential ordinary share outstanding during both years.

12. TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade debtors from contracts with customers	**225,048**	245,320
Less: Allowance for credit losses	**(17,352)**	(3,668)
	207,696	241,652
Prepayments	**2,322**	2,703
Deposits	**3,559**	4,403
Value-added tax and other receivables	**4,765**	7,204
Amount due from entities controlled by non-controlling shareholders of a subsidiary *(Note)*	**500**	488
Amount due from a non-controlling shareholder of a subsidiary *(Note)*	**–**	7
	218,842	256,457

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

Rental deposits paid were adjusted upon the initial application of HKFRS 16. Details of the adjustments are set out in Note 2.

The Group mainly allows a credit period of 30 to 120 days to its customers. No interest is charged on the trade receivables. As at 1 April 2018, trade receivables from contracts with customers amounted to HK$245,905,000.

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

	2020	2019
	HK$'000	*HK$'000*
Current	**187,672**	226,398
Overdue up to 90 days	**25,258**	12,975
Overdue more than 90 days	**12,118**	5,947
	225,048	245,320

13. TRADE AND OTHER PAYABLES

The Group is mainly granted a credit period of 30 days to 120 days from its suppliers. The following is an aging analysis of trade payables based on payment due date at the end of the reporting period:

	2020	2019
	HK$'000	*HK$'000*
Trade payables		
Current and overdue up to 90 days	**103,491**	99,175
Overdue more than 90 days	**8,961**	11,570
	112,452	110,745
Accruals	**59,291**	77,604
Amounts due to an entity controlled by non-controlling shareholders of a subsidiary *(Note)*	**25**	–
Deposits received from tenants	**–**	704
Value-added tax and other payables	**15,405**	10,624
	187,173	199,677

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

DIVIDENDS

In light of the challenging business environment, the Directors do not recommend the payment of final dividend for the year ended 31 March 2020 (2019: final dividend of HK10.0 cents per share) in order to retain sufficient liquidity to prepare for the uncertainty ahead.

The Directors will continue to monitor the dividend policy closely to ensure that an optimal balance can be achieved between the retention of sufficient liquidity in the Group to prepare for the uncertainty ahead and the distribution of earnings to the shareholders respectively.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 10 August 2020 to 14 August 2020 (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 7 August 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The business environment was extremely challenging during the year under review. The demand for the Group's eyewear products was adversely affected by various significant incidents including the trade war between China and the United States as well as the global outbreak of coronavirus. This, together with the significant reduction of revenue from the Group's contact lens business, resulted in a substantial decline of the Group's consolidated turnover by 25.42% to HK$913 million (2019: HK$1,224 million) for the year ended March 2020.

In comparison to the consolidated net profit of HK$72 million in the preceding fiscal year, the Group recorded a total loss attributable to owners of the Company of HK$166 million and loss per share of HK63 cents for the year ended 31 March 2020 due to a number of factors. Firstly, a non-cash impairment loss of HK$130 million for long-lived assets, and a non-cash net impairment loss of HK$14 million for trade receivables were recorded upon assessment of the impacts of the tough business environment and increased uncertainty on the Group's business for manufacturing and trading of eyewear products. Secondly, the Group's operating profitability was adversely affected by the diseconomies of scale of operation as a result of the substantial decline in consolidated turnover. In addition, the continuously rising labor costs in Southern China, the intensified market competition in the industry and the fact that the Group could not immediately adjust its fixed costs in response to the sudden reduction in market demand all undermined the Group's operating profitability during the year under review. Excluding the impairment losses for long-lived assets and trade receivables as mentioned above, the Group's loss attributable to owners of the Company would be approximately HK$22 million during the year under review.

The ODM Business

For the year ended 31 March 2020, turnover from the Group's original design manufacturing ("ODM") business decreased by 18.79% to HK$713 million (2019: HK$878 million), which accounted for approximately 78.01% of the Group's total consolidated turnover. Such decrease was a result of various factors. First, the outbreak of the coronavirus in February 2020 caused the temporary suspension of the Group's factories in China, which disrupted the Group's sales and shipment plan in the fourth quarter of 2019/20 fiscal year. The Group's customers in Europe and the United States also delayed some of their shipments as a result of the coronavirus outbreak in their respective countries in February and March 2020. Secondly, for the market of the United States, the general consumer confidence was fragile as the business landscape was clouded by the intense US-China trade relation. The US government imposed a tariff of 15% on Chinese eyewear products in September 2020 and later adjusted the tariff rate to 7.5% in February 2020 upon the conclusion of the first phase of US-China trade negotiation. The new tariff brought additional sourcing costs to the Group's US customers, and made them very cautious when making purchase decisions. Furthermore, in the market of Europe, customers were very prudent in order placement due to the sluggish retail sales in general within the region, as well as the deterioration in macroeconomic environment and business uncertainty caused by the trade dispute between China and the United States as mentioned above and the Brexit issue of the United Kingdom. Also certain customers of the Group in the region consolidated their own brand portfolios, which affected their orders for the Group. As a result, the Group's ODM turnover to the United States and Europe decreased by 8.14% and 29.39% to HK$282 million (2019:HK$307 million) and HK$370 million (2019: HK$524 million) respectively. The Group continued to maintain a relatively balanced market and product mix in its ODM business. Geographically, Europe and the United States accounted for 51.89% and 39.55% (2019: 59.68% and 34.97%) of the Group's total ODM turnover respectively. In terms of product mix, sales of metal frames, plastic frames and others accounted for 47%, 52% and 1% (2019: 50%, 49% and 1%) of the Group's total ODM turnover respectively.

The Branded Eyewear Distribution Business

For the year ended 31 March 2020, turnover from the Group's branded eyewear distribution business decreased by 12.68% to HK$179 million (2019: HK$205 million), which accounted for approximately 19.58% of the Group's total consolidated turnover. The deteriorating performance of the Group's branded eyewear distribution business was mainly due to the sudden drop of product demand in China in the last quarter of 2019/20 fiscal year as a result of the coronavirus crisis. In February 2020, the Chinese government introduced various measures on social distancing, quarantine and travel restrictions in order to contain the coronavirus outbreak. Those measures were carried out in an unprecedented scale which completely locked down the major cities of China and stopped most of the economic activities. Since China has been the most important growth driver of the Group's branded eyewear distribution business, the Group's performance was highly negatively affected. Meanwhile, the subsequent spread of coronavirus to other Asian countries like Korea, Thailand and Japan led to further negative impact on the Group's branded eyewear distribution business as some of the Group's shipments to these countries were suspended due to city lockdown there. During the year under review, Asia continued to be the major market of the Group's branded eyewear distribution business. It contributed about 96.65% of the Group's total branded eyewear distribution business.

The Branded Contact Lens Business

For the year ended 31 March 2020, the Group's turnover from its branded contact lens business significantly decreased by 87.59% to HK$17 million (2019: 137 million), which accounted for 1.86% of the Group's total consolidated turnover. Such significant decrease in turnover was because the Group recorded a relatively high sales base in corresponding period last year as the distribution channels at that time needed a relative high level of initial inventories upon commencement of the contact lens business by the Group. Such initial stocking effect did no longer exist in the current fiscal year. In addition, the color contact lens products of the Group were of highly consumer discretionary and fashion oriented in nature. Their sales were highly affected by the deteriorating economic environment as consumers became more prudent on spending and started to cut their expenditures on non-essential goods during the year under review. These factors caused the significant drop of revenue from the Group's branded contact lens business.

Other Businesses

The Group received income from external parties for trademark licensing and property rental, but such income contributed only a small portion of the Group's total consolidated turnover. For the year ended 31 March 2020, the income generated from the Group's licensing business in connection with Jill Stuart trademark was HK$2 million (2019: HK$2 million). The income generated from the Group's certain investment properties located in Hong Kong was HK$3 million (2019: HK$2 million).

LIQUIDITY AND CAPITAL RESOURCES

The Group continued to maintain a strong liquidity and financial position. It recorded a net cash inflow of HK$51 million from operations during the year under review. As at 31 March 2020, the Group held a cash and bank balance of HK$309 million. It had an outstanding bank borrowing of HK$45 million, which represented a mortgage loan repayable by installments over a period of 20 years with repayable on demand clause. The debt-to-equity ratio (expressed as a percentage of banking borrowings over equity attributable to owner of the Company) as at 31 March 2020 was 5.90%. The bank borrowing of the Group was secured by the Group's investment properties situated in Hong Kong.

As at 31 March 2020, the net current assets and current ratio of the Group were approximately HK$405 million and 2.6:1 respectively. The total equity attributable to owners of the Company decreased to HK$755 million as at 31 March 2020 from HK$953 million as at 31 March 2019 after the payment of interim dividend and loss attributable to the owners of the Company for the 2019/20 fiscal year. Debtor turnover period and inventory turnover period increased to a level of 83 days and 61 days respectively during the year under review because payments from and shipments to certain customers were delayed as a result of city lockdown in various European and Asian countries in March 2020. The Group believes that its trade receivables and inventories were still maintained at a reasonable and healthy level. It will closely monitor its debt collection and inventories in order to mitigate liquidity risks. 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.

PROSPECTS

The Group anticipates that the business environment will be extremely challenging in 2020/21 fiscal year. There is no sign that coronavirus pandemic will come to an end in near future, and therefore there is no way to tell the full extent of its impact on both the overall economy and the Group as an individual enterprise. At the time of writing, coronavirus has spread to more than 100 countries and all of these countries are still subject to different degree of social distancing and travel restriction measures imposed by the respective local governments there. The Directors believe that coronavirus crisis will have profound impacts on consumer behavior. In long run, it may speed up the transformation of online distribution channels, which may create new business opportunities, but in short run it will make consumers staying at home and reduce discretionary spending. Coronavirus crisis may also significantly reduce the economic growth momentum of many countries, and that may take years to recover. Some economists even believe that the worldwide economy may face the worst recession since the Great Depression following the coronavirus outbreak. If it really happens, the upcoming economic downturn may significantly dampen the market demand, affect supply chain and exert cash flow pressure on enterprises. The Group also expects that the economic environment will be further hindered by the intense US-China trade relation. The governments of China and the United States concluded the first phase of trade deal in January 2020 which temporarily eased the trade tension between the two countries. However, the fundamental issues underlying the trade conflict have yet to be resolved, which cast high uncertainty on the next phrase of trade negotiation which is expected to take place in the future.

In response to the highly uncertain business environment, the Group will tighten its receivables and inventory control to maximize cash flow generated from operation. The Group currently maintains a strong financial position and has sufficient level of liquid assets, but it will further strengthen its credit risk management, reduce non-essential expenditures and optimize vendor trade terms in order to enhance efficiency of working capital. The Directors foresee that the product demand will be highly volatile in the months to come. The Group will therefore continue to maintain a flexible operating capacity so that its scale of operation can be swiftly adjusted according to the changing market demand. It will also enhance its capability to let our workforce work remotely out of office through technology and electronic means. This will allow the Group to prevent or minimize disruption in service as caused by any sudden events like city lockdown. On the cost side, the Group will further manage its cost structure to reduce the level of fixed costs through projects like the outsource of non-core services or operating processes, labor force optimization and production efficiency enhancement. With a lighter cost load, it is expected that it will be easier for the Group to preserve its profitability even in the toughest business environment. The Group will manage its capital expenditure in a very prudent manner, but without compromising the needs to strategically invest in future with diligence. In 2019/20 fiscal year, the Group started to execute a plan to set up a production facility in Vietnam. Although the project is currently deferred due to the coronavirus outbreak, the Group will resume the project once the situation becomes more certain. The new production facility in Vietnam will help the Group to diversify its production from Southern China and secure for the Group with a more stable product supply. Finally, the Group will continue to streamline the portfolio for its branded eyewear business by phasing out non-performing brands and acquiring new brands with high potential. During the year under review, the Group has obtained exclusive right to distribute Kenzo eyewear products in China. The new product line under the reputable brand name of Kenzo is strategically important to enrich the Group's product assortment at different price points. It is expected to contribute to the Group a new source of income.

Looking forward, the business environment will be full of uncertainty and challenges. We will carefully execute the plans and measures as mentioned above to improve profitability in the current difficult environment, preserve our financial strength and enhance the Group's long term competitiveness. Despite the challenging economic outlook, we are confident that the Group will overcome the difficulties ahead and continue to create long-term value for our various stakeholders, from customers, employees, suppliers to shareholders, and deliver the objective to achieve sustainable growth in the long run.

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance with a view to enhance the management of the Company as well as to preserve the interests of the shareholders as a whole. The Board has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") and the Corporate Governance Report contained in Appendix 14 to the Listing Rules. During the year ended 31 March 2020, the Company has complied with all applicable code provisions in the CG Code which were effective during the period from 1 April 2019 to 31 March 2020, except for the deviation from Code A.2.1, of the CG Code as described below:

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

AUDIT COMMITTEE

An audit committee (the "Audit Committee") has been established by the Company with written terms of reference to act in an advisory capacity and to make recommendations to the Board. The members of the Audit Committee comprise the three independent non-executive Directors, who are Mr. Lo Wa Kei, Roy (Chairman), Mr. Lee Kwong Yiu and Mr. Wong Che Man, Eddy. Mr. Lo Wa Kei, Roy and Mr. Wong Che Man, Eddy are both qualified certified public accountants and possess the qualifications as required under rule 3.21 of the Listing Rules. None of the members of the Audit Committee is a member of the former or existing auditors of the Group. The Audit Committee has adopted the principles set out in the CG Code. The duties of the Audit Committee include review of the interim and annual reports of the Group, effectiveness of internal audit function as well as various auditing, financial reporting, risk management and internal control matters with the management and/or external auditor of the Company. The Group's consolidated financial statements for the year ended 31 March 2020 have been reviewed by the Audit Committee and audited by the Company's external auditor, Messrs. Deloitte Touche Tohmatsu.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

The Company adopts policy concerning diversity of Board members. Under such a policy, selection of the candidates to the Board is based on the Company's business model and specific needs with reference to a range of diversity perspectives, including but not limited to gender, age, language, culture, education background, professional knowledge and industry experience. The Company believes that a balanced and diversified board composition will help to stimulate new ideas and enhance the quality of the Group's decision making process. For the year ended 31 March 2020, the Company maintained an effective Board comprised of members of different genders, professional background and industry experience. The Company's board diversity policy was consistently implemented.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions (the "Code"). Having made specific enquiry of all Directors, the Directors confirmed that they had complied with the required standard set out in the Code throughout the year ended 31 March 2020.

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

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

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This final results announcement is published on the websites of the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The annual report for the year ended 31 March 2020 will be dispatched to the shareholders of the Company and published on the websites of the Company and the Stock Exchange in due course.

APPRECIATION

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

Ku Ngai Yung, Otis
Chairman

Hong Kong, 30 June 2020

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