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

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 2021

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 2021 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 2021

	NOTES	2021 HK$'000	2020 HK$'000
Revenue	3		
Contracts with customers		**700,082**	909,915
Leases		**1,589**	2,872
Total revenue		**701,671**	912,787
Cost of sales		**(571,298)**	(752,269)
Gross profit		**130,373**	160,518
Other income, gains and losses	4	**8,393**	(198)
Reversal (provision) of impairment losses on trade receivables, net	5	**3,478**	(14,108)
Impairment losses on property, plant and equipment	6	**–**	(112,000)
Impairment losses on right-of-use assets	6	**–**	(18,000)
Selling and distribution costs		**(27,078)**	(33,793)
Administrative expenses		**(110,513)**	(144,798)
Share of loss of a joint venture		**(48)**	(931)
Loss on disposal of a joint venture		**(91)**	–
Finance costs	7	**(1,849)**	(2,430)
Profit (loss) before tax		**2,665**	(165,740)
Income tax credit (expense)	8	**6,843**	(79)
Profit (loss) for the year	9	**9,508**	(165,819)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**5,502**	(2,296)
Share of other comprehensive expense of a joint venture		**(2)**	(13)
Reclassification of cumulative translation reserve upon disposal of a joint venture		**91**	–
		5,591	(2,309)
Total comprehensive income (expense) for the year		**15,099**	(168,128)
Profit (loss) for the year attributable to:			
Owners of the Company		**9,608**	(165,913)
Non-controlling interests		**(100)**	94
		9,508	(165,819)
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**15,062**	(168,112)
Non-controlling interests		**37**	(16)
		15,099	(168,128)
Earnings (loss) per share	11		
Basic		**HK4 cents**	HK(63) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2021

	NOTES	**2021** **HK$'000**	2020 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**284,060**	159,577
Right-of-use assets		**13,718**	13,882
Investment properties		**6,662**	129,579
Intangible assets		**49,652**	51,508
Interest in a joint venture		**–**	50
Deposits paid for acquisition of property, plant and equipment and right-of-use asset		**21,285**	16,592
Deferred tax assets		**11,563**	4,806
		386,940	375,994
CURRENT ASSETS			
Inventories		**116,527**	125,865
Trade and other receivables	12	**244,085**	218,842
Derivative financial instruments		**7**	7
Tax recoverable		**3,049**	3,227
Bank balances and cash		**316,981**	308,806
		680,649	656,747
CURRENT LIABILITIES			
Trade and other payables	13	**217,461**	187,173
Lease liabilities		**8,261**	10,196
Refund liabilities		**2,375**	2,660
Derivative financial instruments		**769**	382
Tax payable		**4,938**	7,038
Bank borrowings		**42,437**	44,544
		276,241	251,993
NET CURRENT ASSETS		**404,408**	404,754
TOTAL ASSETS LESS CURRENT LIABILITIES		**791,348**	780,748

	2021	2020
	HK$'000	*HK$'000*
CAPITAL AND RESERVES		
Share capital	**26,278**	26,278
Share premium and reserves	**743,869**	728,807
Equity attributable to owners of the Company	**770,147**	755,085
Non-controlling interests	**453**	416
TOTAL EQUITY	**770,600**	755,501
NON-CURRENT LIABILITIES		
Lease liabilities	**14,871**	18,996
Deferred tax liabilities	**5,877**	6,251
	20,748	25,247
TOTAL EQUITY AND NON-CURRENT LIABILITIES	**791,348**	780,748

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 AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are Mandatorily Effective for the Current Year

In the current year, the Group has applied the "Amendments to References to the Conceptual Framework in HKFRS Standards" and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to HKFRS 16 "Covid-19-Related Rent Concessions".

Except as described below, the application of the "Amendments to References to the Conceptual Framework in HKFRS Standards" and the amendments to HKFRSs in the current year 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.

2.1 Impacts on application of Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

2.2 Impacts on early application of Amendment to HKFRS 16 "Covid-19-Related Rent Concessions"

The Group has applied the amendment for the first time in the current year. 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 "Leases" 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.

The application of the amendment had no impact to the opening retained profits at 1 April 2020. The Group has benefited from lease payments of one month on several leases in the People's Republic of China ("PRC"). The Group has derecognised the part of lease liability that has been extinguished by the forgiveness of lease payments using the discount rates originally applied to these leases respectively, resulting in a decrease in the lease liabilities, which has been recognised as variable lease payments in profit or loss for the current year.

3. REVENUE AND SEGMENT INFORMATION

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

	For the year ended 31 March 2021			
	Eyewear products *HK$'000*	**Contract lens** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Types of goods or services				
Eyewear products	**676,096**	**–**	**–**	**676,096**
Contact lens	**–**	**22,568**	**–**	**22,568**
Others – royalty income	**–**	**–**	**1,418**	**1,418**
Revenue from contracts with customers	**676,096**	**22,568**	**1,418**	**700,082**
Operating lease income from investment properties in Hong Kong	**–**	**–**	**1,589**	**1,589**
	676,096	**22,568**	**3,007**	**701,671**
Timing of revenue recognition from contracts with customers				
A point in time	**676,096**	**22,568**	**1,418**	**700,082**

	For the year ended 31 March 2020			
	Eyewear products	Contract lens	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Types of goods or services				
Eyewear products	891,608	–	–	891,608
Contact lens	–	16,761	–	16,761
Others – royalty income	–	–	1,546	1,546
Revenue from contracts with customers	891,608	16,761	1,546	909,915
Operating lease income from investment properties in Hong Kong	–	–	2,872	2,872
	891,608	16,761	4,418	912,787
Timing of revenue recognition from contracts with customers				
A point in time	891,608	16,761	1,546	909,915

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 at a point in time when subsequent sale of licensing products from licensee occurs over the licensing period. The credit term is normally 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 2021

	Eyewear products	**Contact lens**	**Others**	**Elimination**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
SEGMENT REVENUE					
External sales	**676,096**	**22,568**	**3,007**	**–**	**701,671**
Inter-segment sales	**–**	**–**	**8,574**	**(8,574)**	**–**
	676,096	**22,568**	**11,581**	**(8,574)**	**701,671**
Segment results	**1,058**	**762**	**4,789**	**–**	**6,609**
Unallocated other income, gains and losses					**2,148**
Central administration costs					**(4,104)**
Share of loss of a joint venture					**(48)**
Loss on disposal of a joint venture					**(91)**
Finance costs					**(1,849)**
Profit before tax					**2,665**

Note: Included in others is royalty income from granting license of trademarks amounted to HK$9,992,000 which contains the related inter-segment sales amounted to HK$8,574,000.

For the year ended 31 March 2020

	Eyewear products *HK$'000*	Contact lens *HK$'000*	Others *HK$'000* *(Note)*	Elimination *HK$'000*	Consolidated *HK$'000*
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 amounted to HK$5,052,000.

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 salaries for the Company's directors), finance costs, share of result of a joint venture and loss on disposal of a joint venture.

Geographical information

The Group's operations are mainly 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	
	2021	2020
	HK$'000	*HK$'000*
Hong Kong *(Note)*	**38,754**	42,689
The PRC (excluding Hong Kong)	**88,351**	81,999
Japan	**52,153**	64,952
Italy	**205,835**	318,957
United States	**236,104**	284,768
Other countries	**80,474**	119,422
	701,671	912,787

Note: Revenue from external customers in Hong Kong contains operating lease income amounted to HK$1,589,000 (2020: HK$2,872,000).

4. OTHER INCOME, GAINS AND LOSSES

	2021	2020
	HK$'000	*HK$'000*
Other income		
– Bank interest income	**1,730**	4,481
– Sales of scrap materials	**401**	1,037
– Government grants		
Covid-19-related subsidies *(Note i)*	**6,960**	–
Others *(Note ii)*	**676**	604
– Rental income from investment properties in the PRC *(Note iii)*	**300**	133
– Others	**423**	415
	10,490	6,670
Other gains and losses		
– Fair value changes on derivative financial instruments	**(387)**	(548)
– Loss on disposals of property, plant and equipment	**(5)**	(118)
– Net foreign exchange losses	**(1,705)**	(6,202)
	(2,097)	(6,868)
	8,393	(198)

Notes:

(i) During the current year, the Group recognised government grants of HK$6,960,000 in respect of Covid-19-related subsidies, of which HK$4,695,000 related to Employment Support Scheme provided by the Hong Kong government.

(ii) 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.

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

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

	2021	2020
	HK$'000	*HK$'000*
Net reversal (provision) of impairment losses on:		
– Trade receivables	**3,478**	(14,108)

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 (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 2021, the management has reassessed the impairment assessment of the Identified Long-lived Assets, which the aggregate carrying amounts of the Identified Long-lived Assets after impairment was HK$342,436,000 (2020: HK$219,409,000), 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 of HK$283,760,000, HK$13,718,000, HK$23,673,000 and HK$21,285,000 respectively (2020: HK$159,277,000, HK$13,882,000, HK$29,658,000 and HK$16,592,000). The Group estimates the recoverable amount of the manufacturing and trading of eyewear products CGU to which the Identified Long-lived Assets belong because it is not possible to estimate the recoverable amount of some of the Identified Long-lived Assets individually.

The recoverable amounts of the manufacturing and trading of eyewear products CGU 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 2021 are 2.0% and 15.81% (2020: 2.3% and 14.66%) respectively.

As at 31 March 2020, 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, impairment losses of HK$112,000,000 and HK$18,000,000 have been recognised against the carrying amounts of property, plant and equipment and right-of-use assets respectively during the year ended 31 March 2020.

As at 31 March 2021, based on the result of the assessment, management of the Group determined that no additional impairment loss nor reversal of impairment loss is required against the Identified Long-lived Assets. As at 31 March 2021, the accumulated impairment losses of property, plant and equipment and right-of-use assets amounted to HK$112,000,000 and HK$18,000,000 (2020: HK$112,000,000 and HK$18,000,000) respectively.

7. FINANCE COSTS

	2021	2020
	HK$'000	*HK$'000*
Interest expense on:		
Bank borrowings	**753**	1,022
Lease liabilities	**1,096**	1,408
	1,849	2,430

8. INCOME TAX (CREDIT) EXPENSE

	2021	2020
	HK$'000	*HK$'000*
The (credit) charge comprises:		
Current tax		
– Hong Kong Profits Tax	**76**	142
– PRC Enterprise Income Tax ("EIT")	**3,146**	1,901
– United States Withholding Tax	**425**	464
	3,647	2,507
Overprovision in respect of prior years		
– Hong Kong Profits Tax	**(137)**	(707)
– PRC EIT	**(3,222)**	(579)
	(3,359)	(1,286)
Deferred taxation		
– Current year	**(7,131)**	(1,142)
	(6,843)	79

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, 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. Such previously granted concession expired during the year ended 31 March 2021.

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.

During the year ended 31 March 2020, 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. During the year ended 31 March 2021, that principal subsidiary is no longer taxed on 50:50 apportionment basis due to the change of operation from contract processing to import processing.

9. PROFIT (LOSS) FOR THE YEAR

	2021	2020
	HK$'000	*HK$'000*
Profit (loss) for the year has been arrived at after charging:		
Auditor's remuneration	**1,830**	1,750
Cost of inventories recognised as expense (inclusive of allowance for inventories of HK$13,155,000 (2020: HK$1,946,000))	**53,184**	726,330
Depreciation and amortisation		
– depreciation of property, plant and equipment	**15,741**	51,344
– depreciation of investment properties	**4,682**	4,679
– depreciation of right-of-use assets	**4,671**	16,964
– amortisation of intangible assets (included in cost of sales)	**1,856**	1,856
	26,950	74,843
Capitalised in inventories	**(6,714)**	(34,575)
	20,236	40,268
Staff costs		
– directors' emoluments	**2,747**	4,364
– other staff costs, comprising mainly salaries	**284,749**	404,349
– retirement benefits scheme contribution excluding those of directors'	**20,938**	43,078
	308,434	451,791
Capitalised in inventories	**(232,205)**	(308,507)
	76,229	143,284

10. DIVIDENDS

	2021	2020
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
Final, paid – nil for 2020 (2020: HK10.0 cents per share for 2019)	**–**	26,278
Special interim, paid – nil for 2021 (2020: HK1.5 cents per share for 2020)	**–**	3,942
	–	30,220

A final special dividend of HK1.5 cents per share in total of HK$3,942,000 in respect of the year ended 31 March 2021 (2020: nil) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

11. EARNINGS (LOSS) PER SHARE

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

	2021	2020
Earnings (loss)		
Earnings (loss) attributable to owners of the Company for the purposes of basic earnings (loss) per share (HK$'000)	**9,608**	(165,913)
Number of shares		
Number of ordinary shares for the purposes of basic earnings (loss) per share	**262,778,286**	262,778,286

Diluted earnings (loss) per share is not presented for the years ended 31 March 2021 and 2020 as there was no potential ordinary share outstanding during both years.

12. TRADE AND OTHER RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade debtors from contracts with customers	**236,571**	225,048
Less: Allowance for credit losses	**(14,373)**	(17,352)
	222,198	207,696
Prepayments	**2,990**	2,322
Deposits	**4,446**	3,559
Value-added tax and other receivables	**12,072**	4,765
Right to return goods assets	**1,900**	–
Amounts due from entities controlled by non-controlling shareholders of a subsidiary *(Note)*	**479**	500
	244,085	218,842

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

The Group normally allows a credit period of 30 to 120 days to its customers. No interest is charged on the trade receivables. As at 1 April 2019, gross carrying amount of trade receivables from contracts with customers amounted to HK$245,320,000.

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

	2021	2020
	HK$'000	*HK$'000*
Current	**217,451**	187,672
Overdue up to 90 days	**16,087**	25,258
Overdue more than 90 days	**3,033**	12,118
	236,571	225,048

13. TRADE AND OTHER PAYABLES

The Group is normally granted a credit period of 90 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:

	2021	2020
	HK$'000	*HK$'000*
Trade payables		
Current and overdue up to 90 days	**110,536**	103,491
Overdue more than 90 days	**34,767**	8,961
	145,303	112,452
Accruals	**56,688**	59,291
Amounts due to an entity controlled by non-controlling shareholders of a subsidiary *(Note)*	**–**	25
Value-added tax and other payables	**15,470**	15,405
	217,461	187,173

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

DIVIDENDS

After considering the Group's liquidity, cash position and future business plan, the Directors have resolved to recommend at the forthcoming annual general meeting a final special dividend of HK1.5 cents per share for the year ended 31 March 2021, to the shareholders whose names appear in the register of members of the Company at the close of business on 1 September 2021. The final special dividend is expected to be paid on or about 14 September 2021. 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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 16 August 2021 to 20 August 2021 (both days inclusive) and from 27 August 2021 to 1 September 2021 (both days inclusive), during which periods 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 13 August 2021. In order to qualify for the proposed final special 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 25 August 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The business environment for the eyewear industry was extremely challenging during the year under review. The demand for the Group's eyewear products was significantly weakened by the coronavirus pandemic, resulting in the decline of the Group's consolidated turnover by 23.13% to HK$702 million (2020: HK$913 million). Despite the rapidly deteriorating business landscape, the Group's profitability improved as a result of the combined effect of the following factors. First of all, there was a rebound in market demand in the fourth quarter of 2020/21 fiscal year, which helped the Group to improve its turnover and economies of scale in operation. Secondly, the Group carried out various measures to streamline its operation which effectively reduced its fixed costs and enhanced the overall efficiency for the review period. Thirdly, the Group recorded non-cash impairment losses of HK$130 million for identified long-lived assets and non-cash net impairment losses of HK$14 million for trade receivables in 2019/20 fiscal year, and such losses did not occur in the 2020/21 fiscal year. Moreover, the non-cash impairment losses of HK$130 million for identified long-lived asset in 2019/20 fiscal year also resulted in lower depreciation expenses in the 2020/21 fiscal year. In addition, the COVID-19 related government subsidies also reduced part of the Group's operating pressure during the year under review. Therefore, the Group recorded a profit attributable to the owners of the Company of HK$10 million, in comparison to the loss attributable to the owners of the Company of HK$166 million for the year ended 31 March 2020. Basic earnings per share was HK4 cents for the year under review (2020: loss per share – HK63 cents).

The ODM Business

For the year ended 31 March 2021, turnover from the Group's original design manufacturing ("ODM") business decreased by 25.39% to HK$532 million (2020: HK$713 million), which accounted for approximately 75.78% of the Group's total consolidated turnover. In the first quarter of 2020/21 fiscal year, the two major markets of the Group, namely the United States and Europe, were subject to different degrees of travel ban and social distancing measures as imposed by the respective local governments to control the spread of coronavirus. Given such a backdrop, the Group's sales plan was significantly disrupted. It was because most of the Group's customers were very cautious in inventory planning and decided to reduce their orders as well as to defer their shipment schedules. There was an obvious rebound of market demand in the fourth quarter of 2020/21 fiscal year. Customers became relatively proactive in order placement but such increase in customers' orders in the fourth quarter could not totally compensate for the drop of turnover during the first three quarters of the year under review. As a result, the Group's ODM turnover to Europe and the United States decreased by 34.32% to HK$243 million (2020: HK$370 million) and by 17.38% to HK$233 million (2020: HK$282 million) respectively. For the review period, Europe and the United States accounted for 45.68% and 43.80% of the Group's total ODM turnover respectively. In terms of product mix, sales of metal frames, plastic frames and others contributed 41%, 58% and 1% (2020: 47%, 52% and 1%) of the Group's total ODM turnover respectively, which was slightly changed in comparison to that of the last review period due to the change of market trend.

The Branded Eyewear Distribution Business

For the year ended 31 March 2021, turnover from the Group's branded eyewear distribution business decreased by 19.55% to HK$144 million (2020: HK$179 million), which accounted for approximately 20.51% of the Group's total consolidated turnover. Such decrease was mainly caused by the decrease of market demand from various Asian countries like China, Japan, South Korea, India, Thailand and Philippines which were heavily affected by the coronavirus pandemic. The spread of coronavirus had a profound adverse impact on customers' product launch plans, which in turn severely undermined the Group's order book during the review period. Although the eyewear market of China gradually improved along with the removal of social distancing restrictions imposed by the Chinese government since March 2020, the overall market sentiment of the Asian market as a whole was still quite negative and that hindered the performance of the Group's distribution business. Asia continued to be the most important market of the Group's branded eyewear distribution business. It accounted for 97.79% of the Group's total distribution turnover.

The Branded Contact Lens Business

For the year ended 31 March 2021, the Group's turnover from its branded contact lens business increased by 35.29% to HK$23 million (2020: HK$17 million), which accounted for 3.28% of the Group's total consolidated turnover. Such increase was mainly due to the relatively low sales base in the corresponding period last year. The Group's cosmetic contact lens products are of highly consumer discretionary and fashion oriented nature, and therefore the performance for the branded contact lens business is expected to be continuously volatile under the uncertain economic environment. The Group will closely monitor its branded contact lens business and will carry out necessary measures to make this business to be developed in a way consistent with the Group's overall strategy.

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 2021, the income generated from the Group's licensing business in connection with Jill Stuart trademark was HK$1 million (2020: HK$2 million). The income generated from the Group's certain investment properties located in Hong Kong was HK$2 million (2020: HK$3 million). Those investment properties were transferred to property, plant and equipment during the year under review.

LIQUIDITY AND CAPITAL RESOURCES

The Group continued to maintain a strong liquidity and financial position. It recorded a net cash inflow of HK$44 million from operations during the year under review. As at 31 March 2021, the Group held a cash and bank balance of HK$317 million. It also had a bank borrowing of HK$42 million which represented a mortgage loan repayable by installments over a period of 20 years with a repayable on demand clause. Such bank loan was secured by certain of the Group's leasehold land and buildings situated in Hong Kong. The debt-to-equity ratio (expressed as a percentage of banking borrowings over equity attributable to owner of the Company) as at 31 March 2021 was 5.51%. The net current assets and current ratio of the Group as at 31 March 2021 were approximately HK$404 million and 2.5:1 respectively. The total equity attributable to owners of the Company increased to HK$770 million as at 31 March 2021 from HK$755 million as at 31 March 2020. Debtor turnover period increased to 116 days because debt collection from customers slowed down since the outbreak of coronavirus crisis. Meanwhile, inventory turnover period increased to 74 days as the Group needed to replenish inventories to fulfill the stronger customer orders in the first quarter of 2021/22 fiscal year. The Group believes that its trade receivables and inventories were still maintained at a reasonable and healthy level in view of the business nature. The Group will closely monitor the debt collection status and inventory level in order to maximize the efficiency of working capital. 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

It is expected the rebound in market demand we saw in the last quarter of 2020/21 fiscal year may continue in the new fiscal year. However, looking forward, the business environment will still be full of uncertainty. On the one hand, there is no sign that the coronavirus crisis can be resolved in the coming months. The newly detected coronavirus variants may trigger a new wave of infection over the world, which is likely to further adversely affect the already fragile economy and slow down the pace of economic recovery. On the other hand, it is expected that the trade relationship between China and the United States will remain tense. It is uncertain whether new trading restrictions will be imposed and any such further restrictions will likely affect the Group's operation. Furthermore, Renminbi may further appreciate against U.S. dollar due to the quantitative easing policy adopted by the government of the United States to stimulate its economy. This, together with the continuously rising labor cost in China, is expected to create more challenges for the operating profitability of the Group.

In order to weather the uncertain business environment, the Group will continue to carry out various projects through its cross-functional teams to explore room for efficiency enhancement. Besides, it will strengthen its budgetary control for each business unit, improve the related performance assessment system, streamline its organization structure and optimize its logistic flows with an aim to reduce cost footprint and motivate the work incentives of employees. To prepare ahead for the potentially volatile market demand in 2021/22 fiscal year, the Group will continue to maintain a flexible production capacity so that it can deploy optimal resources to capitalize on the business opportunities that may arise. Meanwhile, it will outsource non-core services to business partners who share the common beliefs with us so as to allow the Group to focus on the most critical operations that are crucial in generating value.

The Group will continue to explore new sales channels and distribution partners for its branded eyewear distribution business. In particular, the Group will strengthen its e-commerce network and look for innovative sales platforms that can let the Group to reach customers not accessible within the traditional channels. In addition, it will widen its existing product ranges by including product collections at more affordable price points. Products will also be specifically designed and tailor-made to meet the preference of consumers in different geographical regions.

The Group will keep investing in carefully selected assets that are strategically important for future growth. To take advantage of the comprehensive sourcing network and infrastructure developed in central China, the Group will continue to spend resources to upgrade its production facilities in Henan so that more manufacturing processes can be finished in this new production site to reduce the burden of the Group's existing factories located in Guangdong region. The Group has also kicked off a project to set up a production site in Vietnam in order to further secure a stable product supply. Although the project is now suspended due to the outbreak of coronavirus, the Group will review its plan again once the situation has become more certain.

The business environment is expected to be extremely challenging in the years to come. With our strength in product development, brand management and manufacturing in the eyewear industry as well as our solid balance sheet, we are confident that the Group will overcome the difficulties ahead, and continue to create long-term value for our various stakeholders as well as deliver the objective to achieve sustainable growth in 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 2021, the Company has complied with all applicable code provisions in the CG Code which were effective during the period from 1 April 2020 to 31 March 2021, 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 comprised Mr. Lo Wa Kei, Roy (resigned on 1 March 2021), Mr. Lee Kwong Yiu, Mr. Wong Che Man, Eddy and Mr. Chow Chi Fai (Chairman, appointed on 1 March 2021), all of whom were independent non-executive Directors. Mr. Lo Wa Kei, Roy, Mr. Wong Che Man, Eddy and Mr. Chow Chi Fai are all qualified certified public accountants and possess the qualifications as required under rule 3.10(2) 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 2021 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 comprised Mr. Lee Kwong Yiu (Chairman), Mr. Lo Wa Kei, Roy (resigned on 1 March 2021) and Mr. Wong Che Man, Eddy and Mr. Chow Chi Fai (appointed on 1 March 2021), all of whom were 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 comprised Mr. Wong Che Man, Eddy (Chairman), Mr. Lo Wa Kei, Roy (resigned on 1 March 2021), Mr. Lee Kwong Yiu and Mr. Chow Chi Fai (appointed on 1 March 2021), all of whom were 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 2021, 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 2021.

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 2021 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 2021 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, 25 June 2021

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Ku Ngai Yung, Otis, Mr. Ku Ka Yung, Mr. Chan Chi Sun, Ms. Ma Sau Ching and Mr. Liu Tao, and three independent non-executive directors, namely Mr. Chow Chi Fai, Mr. Lee Kwong Yiu and Mr. Wong Che Man, Eddy.