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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

OPERATING RESULTS

The Board of Directors (the "Board") of Sun Hing Vision Group Holdings Limited (the "Company") hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2021, together with the comparative figures for the corresponding previous period as follows:

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 September 2021

	NOTES	**Six months ended 30.9.2021 *HK$'000* (unaudited)**	30.9.2020 *HK$'000* (unaudited)
Revenue			
Contracts with customers		**469,444**	290,018
Leases		**–**	1,022
Total revenue	3	**469,444**	291,040
Cost of sales		**(387,129)**	(252,559)
Gross profit		**82,315**	38,481
Other income, gains and losses		**1,470**	4,366
(Provision) reversal of impairment losses on trade receivables, net		**(2,542)**	4,677
Selling and distribution costs		**(12,882)**	(8,589)
Administrative expenses		**(62,340)**	(51,246)
Share of loss of a joint venture		**–**	(48)
Finance costs		**(913)**	(1,003)
Profit (loss) before tax		**5,108**	(13,362)
Income tax credit	4	**180**	1,354
Profit (loss) for the period	5	**5,288**	(12,008)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**4,000**	3,151
Share of other comprehensive expense of a joint venture		**–**	(2)
		4,000	3,149
Total comprehensive income (expense) for the period		**9,288**	(8,859)
Profit (loss) for the period attributable to:			
Owners of the Company		**6,061**	(12,066)
Non-controlling interests		**(773)**	58
		5,288	(12,008)
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**10,038**	(8,983)
Non-controlling interests		**(750)**	124
		9,288	(8,859)
Earnings (loss) per share		**HK cents**	HK cents
Basic	7	**2.31**	(4.59)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September 2021

	NOTES	**30.9.2021** **_HK$'000_** **(unaudited)**	31.3.2021 *HK$'000* (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**286,372**	284,060
Right-of-use assets		**16,721**	13,718
Investment properties		**6,697**	6,662
Intangible assets		**48,724**	49,652
Deposit paid for acquisition of property, plant and equipment and right-of-use asset		**21,354**	21,285
Deferred tax assets		**11,385**	11,563
		391,253	386,940
CURRENT ASSETS			
Inventories		**115,320**	116,527
Trade and other receivables	8	**266,898**	242,185
Right to return goods assets		**1,848**	1,900
Derivative financial instruments		**410**	7
Tax recoverable		**3,057**	3,049
Bank balances and cash		**301,833**	316,981
		689,366	680,649
CURRENT LIABILITIES			
Trade and other payables	9	**226,274**	217,461
Lease liabilities		**9,430**	8,261
Refund liabilities		**2,337**	2,375
Derivative financial instruments		**8**	769
Tax payable		**4,953**	4,938
Bank borrowings	10	**41,339**	42,437
		284,341	276,241
NET CURRENT ASSETS		**405,025**	404,408
TOTAL ASSETS LESS CURRENT LIABILITIES		**796,278**	791,348
CAPITAL AND RESERVES			
Share capital		**26,278**	26,278
Share premium and reserves		**749,965**	743,869
Equity attributable to owners of the Company		**776,243**	770,147
Non-controlling interests		**(297)**	453
		775,946	770,600
NON-CURRENT LIABILITIES			
Lease liabilities		**14,896**	14,871
Deferred tax liabilities		**5,436**	5,877
		20,332	20,748
TOTAL EQUITY AND NON-CURRENT LIABILITIES		**796,278**	791,348

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2021

1. BASIS OF PREPARATION

The condensed consolidated financial statements of Sun Hing Vision Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2021 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2021.

Application of amendments to HKFRSs

In the current interim period, the Group has applied 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 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group has early applied the Amendment to HKFRS 16 "Covid-19-Related Rent Concessions beyond 30 June 2021".

2.1 Impacts on early application of Amendment to HKFRS 16 "Covid-19-Related Rent Concessions beyond 30 June 2021"

The Group has early applied the amendment in the current interim period. The application of this amendment has had no material impact on the Group's financial positions and performance for the current and prior periods.

2.2 *Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform – Phase 2"*

2.2.1 *Accounting policies*

Financial instruments

Changes in the basis for determining the contractual cash flows as result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

2.2.2 *Transition and summary of effects*

As at 1 April 2021, the Group has bank borrowings with carrying amount of HK$42,437,000, the interest of which is indexed to HKD Hong Kong Interbank Offered Rate that will or may be subject to interest rate benchmark reform.

The Group intends to apply practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank borrowing measured at amortised cost. The amendments have had no impact on the condensed consolidated financial statements as none of the contracts related to the bank borrowings have been transitioned to the relevant replacement rates during the interim period. The impacts on application of the amendments, if any, including additional disclosures, will be reflected in the Group's consolidated financial statements for the year ending 31 March 2022.

2.3 *Potential impact on application of the International Financial Reporting Standards Interpretations Committee's (the "Committee") agenda decision – Costs necessary to sell inventories (IAS 2 Inventories)*

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should indicate as "estimated costs necessary to make the sale" when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The Group's existing accounting policy is to determine net realisable value taking into consideration incremental costs only. As at 30 September 2021, the Group is still in the process of assessing the potential impact and has yet to implement the change in accounting policy based on the Committee's agenda decision. The impacts on such change, if any, will be disclosed in the Group's future consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Upon the transfer of certain leasehold land and buildings in Hong Kong from investment properties to property, plant and equipment, arising from the expiration of operating lease arrangement and the commencement of owner-occupation of the properties at 31 March 2021, the Group no longer carries out business relating to leasing of properties in Hong Kong starting from 1 April 2021. Accordingly, the "Others" segment, which represents granting license of trademarks and leasing of properties in Hong Kong for the six months ended 30 September 2020, is renamed to "Trademarks" in the current period, which represents granting license of trademarks only.

The Group's operating segments, based on information reported to the chief operating decision maker ("CODM"), being the executive directors of the Company, for the purposes of resources allocation and performance assessment, is as follows:

Eyewear products	– manufacturing and trading of eyewear products
Contact lens	– trading of contact lens products
Trademarks	– granting license of trademarks
Others (For the six months ended 30 September 2020)	– granting license of trademarks and leasing of 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 six months ended 30 September 2021 (unaudited)

	Eyewear products *HK$'000*	**Contact lens** *HK$'000*	**Trademarks** *HK$'000*	**Elimination** *HK$'000*	**Consolidated** *HK$'000*
SEGMENT REVENUE					
External sales	**465,322**	**3,420**	**702**	**–**	**469,444**
Inter-segment sales	**–**	**–**	**1,752**	**(1,752)**	**–**
	465,322	**3,420**	**2,454**	**(1,752)**	**469,444**
Segment results	**6,303**	**269**	**1,490**	**–**	**8,062**
Unallocated other income, gains and losses					**1,143**
Central administration costs					**(3,184)**
Finance costs					**(913)**
Profit before tax					**5,108**

For the six months ended 30 September 2020 (unaudited)

	Eyewear products *HK$'000*	Contact lens *HK$'000*	Others *HK$'000* *(Note)*	Elimination *HK$'000*	Consolidated *HK$'000*
SEGMENT REVENUE					
External sales	278,168	11,134	1,738	–	291,040
Inter-segment sales	–	–	1,709	(1,709)	–
	278,168	11,134	3,447	(1,709)	291,040
Segment results	(15,288)	300	179	–	(14,809)
Unallocated other income, gains and losses					4,575
Central administration costs					(2,077)
Share of loss of a joint venture					(48)
Finance costs					(1,003)
Loss before tax					(13,362)

Note: For the six months ended 30 September 2020, included in others is royalty income from granting license of trademarks amounted to HK$2,425,000. The related inter-segment sales is amounted to HK$1,709,000. The segment result for granting license of trademarks is amounted to HK$1,417,000.

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 disposal of property, plant and equipment and others (30 September 2020: mainly including bank interest income, government grants in respect of Covid-19-related subsidies and others)), central administration costs (mainly including directors' salaries), finance costs, and share of result of a joint venture (for the six months ended 30 September 2020).

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

4. INCOME TAX CREDIT

	Six months ended 30.9.2021 HK$'000 (unaudited)	30.9.2020 HK$'000 (unaudited)
The charge (credit) comprises:		
Current tax		
Hong Kong Profits Tax	**–**	84
PRC Enterprise Income Tax ("EIT")	**132**	213
United States Withholding tax	**211**	215
	343	512
Overprovision in respect of prior years		
PRC EIT	**(260)**	(289)
Deferred taxation		
Current period	**(263)**	(1,577)
	(180)	(1,354)

5. PROFIT (LOSS) FOR THE PERIOD

	Six months ended 30.9.2021 HK$'000 (unaudited)	30.9.2020 HK$'000 (unaudited)
Profit (loss) for the period has been arrived at after charging (crediting):		
Depreciation and amortisation		
– depreciation of property, plant and equipment	**10,411**	8,106
– depreciation of right-of-use assets	**3,133**	2,299
– amortisation of intangible assets (included in cost of sales)	**928**	928
– depreciation of investment properties	**76**	2,339
	14,548	13,672
Capitalised in inventories	**(4,276)**	(3,664)
	10,272	10,008
Employee benefits expenses	**190,570**	125,096
Capitalised in inventories	**(146,445)**	(96,653)
	44,125	28,443
Net foreign exchange losses	**943**	753
Fair value changes on derivative financial instruments	**(1,164)**	(544)
Loss on disposals of property, plant and equipment	**15**	–
Write-down of inventories	**3,294**	4,475
Finance costs		
– interest expenses on bank borrowings	**293**	421
– interest expenses on lease liabilities	**620**	582
	913	1,003
Bank interest income	**(382)**	(1,179)
Government grants in respect of Covid-19-related subsidies	**–**	(3,065)

6. DIVIDENDS

During the current period, 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 was declared and paid to owners of the Company (six months ended 30 September 2020: nil).

An interim special dividend of HK1.5 cents per share in total of HK$3,942,000 in respect of the six months ended 30 September 2021 has been proposed by the directors of the Company (six months ended 30 September 2020: nil). No interim dividend for the six months ended 30 September 2021 has been proposed since the end of the reporting period (six months ended 30 September 2020: nil).

7. EARNINGS (LOSS) PER SHARE

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

	Six months ended	
	30.9.2021	30.9.2020
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings (loss)		
Earnings (loss) attributable to the owners of the Company for the purpose of basic earnings (loss) per share	**6,061**	(12,066)
Number of shares		
Number of ordinary shares in issue for the purpose of basic earnings (loss) per share	**262,778,286**	262,778,286

No diluted earnings (loss) per share is presented as there was no potential ordinary share outstanding during both periods.

8. TRADE AND OTHER RECEIVABLES

The Group allows a credit period of 30 to 120 days to its customers.

	30.9.2021	31.3.2021
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables	**255,478**	236,571
Less: Allowance for credit losses from contracts of customers	**(17,113)**	(14,373)
	238,365	222,198
Prepayments	**3,431**	2,990
Deposits	**6,708**	4,446
Value-added tax and other receivables	**18,394**	12,072
Amounts due from entities controlled by non-controlling shareholders of a subsidiary *(Note)*	**–**	479
	266,898	242,185

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

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

	30.9.2021	31.3.2021
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Current	**237,827**	217,451
Overdue up to 90 days	**16,352**	16,087
Overdue more than 90 days	**1,299**	3,033
	255,478	236,571

9. TRADE AND OTHER PAYABLES

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

	30.9.2021	31.3.2021
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade payables		
Current and overdue up to 90 days	**145,410**	110,536
Overdue more than 90 days	**10,433**	34,767
	155,843	145,303
Accruals	**55,033**	56,688
Value-added tax and other payables	**15,398**	15,470
	226,274	217,461

10. BANK BORROWINGS

The bank loan of the Group is secured by the Group's property, plant and equipment with a carrying amount of HK$116,489,000 (31 March 2021: HK$118,758,000).

INTERIM DIVIDEND

The Directors have resolved to declare an interim special dividend of HK1.5 cents per share and no interim dividend for the six months ended 30 September 2021 (2020: interim special dividend: nil; interim dividend: nil). The interim special dividend will be payable on or about 12 January 2022 to the shareholders whose names appear on the register of members of the Company at the close of trading on 28 December 2021.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 21 December 2021 to 28 December 2021, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed interim special dividend, all transfers 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 not later than 4:00 p.m. on 20 December 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period under review, the Group achieved a significant increase in consolidated turnover by 61.17% to HK$469 million (2020: HK$291 million) for the six months ended 30 September 2021. The Group's profitability also substantially improved and its gross profit margin increased to 17.53% (2020: 13.22%) accordingly. The Group's turnover and profitability significantly improved as a result of the combined effects of the following factors. Firstly, during 2020, the global economy was adversely affected by the COVID-19 pandemic, making the eyewear industry extremely challenging during the last fiscal period. However, starting from early 2021, significant rebound in market demand for eyewear products was noted as a result of the reduced impact of the pandemic. Increase in business volume as a result led to greater economies of scale during the review period. Furthermore, the Group's continuous efforts in streamlining its operations, reducing costs and increasing overall efficiency also contributed positively to the improved profitability during the period. As a result, profit attributable to the owners of the Company improved to HK$6 million, in comparison with the loss attributable to the owners of the Company of HK$12 million for the last review period. Basic earnings per share was HK2.31 cents for the current period (2020: basic loss per share of HK4.59 cents).

THE ODM BUSINESS

The Group's turnover from its original design manufacturing ("ODM") business increased by 81.02% to HK$391 million (2020: HK$216 million), which accounted for 83.37% of the Group's total consolidated turnover. The significant growth in revenue was mainly due to the rebound of market demand for eyewear products in Europe and the United States as a result of the easing of social and travel restrictions as well as the increasing vaccination rates in these regions. Accordingly, the Group's ODM turnover to Europe and the United States increased by 69.72% to HK$185 million (2020: HK$109 million) and by 100.00% to HK$166 million (2020: HK$83 million) respectively. Europe and the United States continued to be the two largest markets of the Group's ODM business. They accounted for 47.31% and 42.46% of the Group's total ODM turnover respectively. In terms of product mix, plastic frames, metal frames and others contributed 55%, 44% and 1% (2020: 51%, 48% and 1%) of the Group's ODM turnover respectively, which was relatively stable in comparison with that of the last review period.

THE BRANDED EYEWEAR DISTRIBUTION BUSINESS

The Group's turnover from its branded eyewear distribution business increased by 19.35% to HK$74 million (2020: HK$62 million), which accounted for 15.78% of the Group's total consolidated turnover. During the period under review, the economy of Asia, which is the largest market for the Group's branded eyewear distribution business, recovered only moderately after the hard hit by the spread of COVID-19 in 2020. On the one hand, among the Asian countries China continued to drive the Group's sales recovery in Asia during the review period. However, the resurgence of COVID-19 cases in certain Asian countries during the second and third quarters of 2021 significantly 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, and it accounted for 97.56% (2020: 98.52%) of the Group's total distribution turnover.

THE BRANDED CONTACT LENS BUSINESS

For the six months ended 30 September 2021, the Group's turnover from its branded contact lens business decreased by 72.73% to HK$3 million (2020: HK$11 million), which accounted for 0.64% of the Group total consolidated turnover. The market demand for the Group's cosmetic contact lens was still weak due to their highly consumer discretionary and fashion oriented nature. Moreover, given the pandemic and the uncertain economic environment as a result, consumers' tendency to avoid unnecessary spending remained unchanged during the period under review.

OTHER BUSINESSES

For the six months ended 30 September 2021, the Group received a licensing income of HK$1 million (2020: HK$1 million) from an external party in connection with the trademark of Jill Stuart. In addition, it received no rental income (2020: HK$1 million) from external parties for certain investment properties situated in Hong Kong. Those investment properties were transferred to property, plant and equipment for the Group's self use in the last fiscal year.

LIQUIDITY AND CAPITAL RESOURCES

The Group continued to maintain a strong liquidity and financial position. It recorded a net cash inflow of HK$6 million from operations during the period under review. As at 30 September 2021, the Group held bank balances and cash of HK$302 million. It also had outstanding bank borrowings of approximately HK$41 million, which is repayable by installments over a period of 20 years with a repayable on demand clause. The debt-to-equity ratio (expressed as a percentage of bank borrowings over equity attributable to owners of the Company) as at 30 September 2021 was 5.33%, which is considered to be healthy and reasonable in light of the Group's business nature. The bank borrowing of the Group was secured by certain Group's leasehold land and buildings situated in Hong Kong.

As at 30 September 2021, the net current assets and current ratio of the Group were approximately HK$405 million and 2.42:1 respectively. The total equity attributable to owners of the Company increased to HK$776 million as at 30 September 2021 from HK$770 million as at 31 March 2021. Due to the gradual recovery of the macroeconomic environment, collection for the Group's receivables continued to improve and the consumption for eyewear products really accelerated. As a result the Group's debtor turnover period and inventory turnover period improved to 93 days and 54 days respectively during the period under review (2020: 96 days and 81 days respectively). The Group believes that its receivables and inventories were managed at a healthy level and will continue to closely monitor the debt collection status and inventory level in order to reduce risk and maximize 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.

After considering the Group's profitability, liquidity, cash position and future business plans, the Directors resolved to declare an interim special dividend of HK1.5 cents per share and no interim dividend for the six months ended 30 September 2021 (2020: interim special dividend: nil; interim dividend: nil). The Directors will continue to monitor the dividend policy closely to ensure that an optimal balance can be achieved between the retention of sufficient liquidity in the Group to prepare for the future development ahead and the distribution of earnings to the shareholders respectively.

PROSPECTS

Although there was a rebound in market demand during the period under review, it is expected that the business environment will continue to be tough and uncertain in the period ahead. During the second and third quarters of 2021, the resurgence of COVID-19 cases caused by coronavirus variants in various countries around the world may spark a new round of lockdowns and other restriction measures that will likely dampen economic activities once again. Besides, the global supply chain disruptions caused by COVID-19 recently may get worse and lead to higher input prices and operating costs for manufacturers like ourselves. As a result, the Directors anticipate that the market demand for eyewear products in the future will be highly volatile and the Group's profitability will be adversely affected due to higher input prices and operating costs caused by disruptions of the global supply chains.

In response to the tough and uncertain business environment in the coming few quarters, the Group will continue to carry out various measures for overall efficiency enhancement. Improving production efficiency, strengthening budget control, streamlining organizational structures and optimizing suppliers' network and logistic flows are still the main focuses of the Group in the near future. Furthermore, the Group will continue to maintain a flexible operating capacity so that it can swiftly adjust its scale of operation in accordance with market demand and minimize the adverse impact of global supply chain disruptions that may have on the Group. In addition, the Group will continue its strategy of outsourcing non-core operating processes to business partners and focusing on critical operations that are crucial in generating values.

Investments in fixed assets will continue to be managed in a prudent manner, and the Group will keep investing in carefully selected assets that are strategically important for future growth. The Group's production facilities in Henan will be further upgraded to reduce the burden of its existing factories located in Guangdong region. The project of setting up a production site in Vietnam is still being suspended at the moment due to the outbreak of coronavirus, but the Group will review its plan again once the situation has become more certain.

The Group will continue to explore new business opportunities for its branded eyewear distribution business. The Group will continue to strengthen its e-commerce network and allow more products to be distributed online, so as to cater for the growing stay-at-home economy. Besides, in response to the rapidly changing consumers' behaviors and preferences, the Group will further enrich its product scope by introducing collections at more flexible price ranges, incorporating more design and tailor-made elements in our products and distributing them in more and also different sales channels.

Going forward, the future business environment is still expected to be full of challenges. However, with our strength in product development, brand management and manufacturing in the eyewear industry as well as our strong financial status, we are confident that the Group will overcome the difficulties ahead, and continue to create long-term values for our various stakeholders as well as 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 and complied with the code provisions set out in the Corporate Governance Code (the "CG Code") and the Corporate Governance Report contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") which were effective during the reporting period, except for the deviation from code provision A.2.1 of the CG Code.

Code provision 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 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 of the Company, who are Mr. Chow Chi Fai (Chairman), Mr. Lee Kwong Yiu and Mr. Wong Che Man, Eddy. Mr. Chow Chi Fai 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 as well as various auditing, financial reporting, internal control and risk management matters with the management and/or external auditor of the Company. The Group's unaudited condensed consolidated financial statements for the six months ended 30 September 2021 have been reviewed by the audit committee together with the Company's external auditor Deloitte Touche Tohmatsu.

REMUNERATION COMMITTEE

A remuneration committee was established by the Company with written terms of reference and currently comprises Mr. Lee Kwong Yiu (Chairman), Mr. Chow Chi Fai and Mr. Wong Che Man, Eddy, all of whom are independent non-executive directors of the Company, 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 was established by the Company with written terms of reference. The nomination committee currently comprises Mr. Wong Che Man, Eddy (Chairman), Mr. Chow Chi Fai and Mr. Lee Kwong Yiu, all of whom are independent non-executive directors of the Company, 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. 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding directors' securities transactions on terms no less exacting than the required standard under the Model Code. Having made specific enquiry of all directors, the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the six months ended 30 September 2021.

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

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

APPRECIATION

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

On behalf of the Board
Ku Ngai Yung, Otis
Chairman

Hong Kong, 26 November 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.