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 2022

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 2022 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 2022

	NOTES	**2022** **_HK$'000_**	2021 *HK$'000*
Revenue	3		
Contracts with customers		**876,741**	700,082
Leases		**–**	1,589
Total revenue		**876,741**	701,671
Cost of sales		**(717,990)**	(571,298)
Gross profit		**158,751**	130,373
Other income, gains and losses	4	**6,210**	8,393
Reversal of impairment losses on trade receivables, net	5	**3,036**	3,478
Selling and distribution costs		**(32,686)**	(27,078)
Administrative expenses		**(124,271)**	(110,513)
Share of loss of a joint venture		**–**	(48)
Loss on disposal of a joint venture		**–**	(91)
Finance costs	6	**(1,789)**	(1,849)
Profit before tax		**9,251**	2,665
Income tax (expense) credit	7	**(596)**	6,843
Profit for the year	8	**8,655**	9,508
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**10,161**	5,502
Share of other comprehensive expense of a joint venture		**–**	(2)
Reclassification of cumulative translation reserve upon disposal of a joint venture		**–**	91
Reclassification of cumulative translation reserve upon deregistration of a subsidiary		**(13)**	–
		10,148	5,591
Total comprehensive income for the year		**18,803**	15,099
Profit (loss) for the year attributable to:			
Owners of the Company		**9,091**	9,608
Non-controlling interests		**(436)**	(100)
		8,655	9,508
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**19,222**	15,062
Non-controlling interests		**(419)**	37
		18,803	15,099
		HK cents	*HK cents*
Earnings per share	10		
Basic		**3.46**	3.66

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2022

	NOTES	**2022** **HK$'000**	2021 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**290,150**	284,060
Right-of-use assets		**14,292**	13,718
Investment properties		**–**	6,662
Intangible assets		**47,796**	49,652
Deposits paid for acquisition of property, plant and equipment and right-of-use assets		**19,742**	21,285
Financial asset at fair value through profit or loss		**1,625**	–
Deferred tax assets		**11,616**	11,563
		385,221	386,940
CURRENT ASSETS			
Inventories		**100,926**	116,527
Trade and other receivables	11	**226,862**	244,085
Derivative financial instruments		**224**	7
Tax recoverable		**3,058**	3,049
Bank balances and cash		**324,084**	316,981
		655,154	680,649
CURRENT LIABILITIES			
Trade and other payables	12	**184,937**	217,461
Lease liabilities		**9,893**	8,261
Refund liabilities		**2,077**	2,375
Derivative financial instruments		**136**	769
Tax payable		**5,048**	4,938
Bank borrowings		**40,236**	42,437
		242,327	276,241
NET CURRENT ASSETS		**412,827**	404,408
TOTAL ASSETS LESS CURRENT LIABILITIES		**798,048**	791,348

	2022	2021
	HK$'000	*HK$'000*
CAPITAL AND RESERVES		
Share capital	**26,278**	26,278
Share premium and reserves	**755,207**	743,869
Equity attributable to owners of the Company	**781,485**	770,147
Non-controlling interests	**–**	453
TOTAL EQUITY	**781,485**	770,600
NON-CURRENT LIABILITIES		
Lease liabilities	**10,689**	14,871
Deferred tax liabilities	**5,874**	5,877
	16,563	20,748
TOTAL EQUITY AND NON-CURRENT LIABILITIES	**798,048**	791,348

Notes:

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. 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 ("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 reassesses 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 in 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 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 consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "Committee") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

Except as described below, the application of 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 HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform – Phase 2"

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 "Financial Instruments: Disclosures".

As at 1 April 2021, the Group has a bank borrowings, the interests of which is indexed to Hong Kong Interbank Offered Rate ("HIBOR"). The Group had confirmed with the relevant counterparties that HIBOR will continue to maturity. The amendments have had no impact on the consolidated financial statements.

2.2 Impacts on application of the agenda decision – Costs necessary to sell inventories (HKAS 2 Inventories)

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include 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 application of the Committee's agenda decision has had no material impact on the Group's financial positions and performance.

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 upon 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, from 1 April 2021, the "Others" segment, which represents granting license of trademarks and leasing of properties in Hong Kong in prior years, is renamed to "Trademarks" in the current year, which represents granting license of trademarks only.

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 2022			
	Eyewear products	**Contact lens**	**Trademarks**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Types of goods or services				
Eyewear products	**866,429**	**–**	**–**	**866,429**
Contact lens	**–**	**8,648**	**–**	**8,648**
Royalty income	**–**	**–**	**1,664**	**1,664**
Revenue from contracts with customers	**866,429**	**8,648**	**1,664**	**876,741**
Timing of revenue recognition from contracts with customers				
A point in time	**866,429**	**8,648**	**1,664**	**876,741**

	For the year ended 31 March 2021			
	Eyewear products	Contact lens	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'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

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 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 "Revenue from Contracts with Customers", 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
Trademarks	–	granting license of trademarks
Others (for the year ended 31 March 2021)	–	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 year ended 31 March 2022

	Eyewear products *HK$'000*	**Contact lens** *HK$'000*	**Trademarks** *HK$'000*	**Elimination** *HK$'000*	**Consolidated** *HK$'000*
SEGMENT REVENUE					
External sales	**866,429**	**8,648**	**1,664**	**–**	**876,741**
Inter-segment sales	**–**	**–**	**3,721**	**(3,721)**	**–**
	866,429	**8,648**	**5,385**	**(3,721)**	**876,741**
Segment results	**15,973**	**572**	**3,398**	**–**	**19,943**
Unallocated other income, gains and losses					**2,945**
Central administration costs					**(11,848)**
Finance costs					**(1,789)**
Profit before tax					**9,251**

For the year ended 31 March 2021

	Eyewear products *HK$'000*	Contact lens *HK$'000*	Others *HK$'000*	Elimination *HK$'000*	Consolidated *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: For the year ended 31 March 2021, included in others is royalty income from granting license of trademarks amounted to HK$9,992,000. The related inter-segment sales is amounted to HK$8,574,000. The segment result for granting license of trademarks is amounted to HK$7,878,000.

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, gain on disposal of a subsidiary, loss on disposals of property, plant and equipment, fair value changes on financial asset at fair value through profit or loss ("FVTPL") and others), central administration costs (mainly including salaries for the Company's directors), finance costs, share of loss of a joint venture and loss on disposal of a joint venture.

No analysis of segment assets and liabilities is presented as they are not regularly reviewed by the CODM for the purposes of resource allocation and performance assessment.

Geographical Information

The Group's operations are mainly located in Hong Kong and the Guangdong Province in the People's Republic of China (the "PRC"). The Group's information about its non-current assets (excluding deferred tax assets and financial instruments) by geographical location of the assets and revenue from external customers analysed by the location of the customers are detailed below:

	Non-current assets As at 31 March	
	2022	2021
	HK$'000	*HK$'000*
Hong Kong	**192,950**	195,039
Guangdong Province in the PRC	**158,269**	158,231
Others	**20,761**	22,107
	371,980	375,377

	Revenue from external customers Year ended 31 March	
	2022	2021
	HK$'000	*HK$'000*
Hong Kong *(Note)*	**51,854**	38,754
The PRC (excluding Hong Kong)	**93,251**	88,351
Japan	**48,187**	52,153
Italy	**306,540**	205,835
United States	**296,235**	236,104
Other countries	**80,674**	80,474
	876,741	701,671

Note: For the year ended 31 March 2021, revenue from external customers in Hong Kong contains operating lease income amounted to HK$1,589,000.

4. OTHER INCOME, GAINS AND LOSSES

	Year ended 31 March	
	2022	2021
	HK$'000	*HK$'000*
Other income		
– Bank interest income	**843**	1,730
– Sales of scrap materials	**787**	401
– Insurance claim	**234**	–
– Government grants		
Covid-19-related subsidies *(Note i)*	**–**	6,960
Others *(Note ii)*	**2,555**	676
– Rental income from investment properties in the PRC *(Note iii)*	**92**	300
– Others	**1,621**	423
	6,132	10,490
Other gains and losses		
– Fair value changes on derivative financial instruments	**850**	(387)
– Fair value changes on financial asset at FVTPL	**65**	–
– Gain on disposal of a subsidiary	**445**	–
– Loss on disposals of property, plant and equipment	**(29)**	(5)
– Net foreign exchange losses	**(1,253)**	(1,705)
	78	(2,097)
	6,210	8,393

Notes:

(i) During the year ended 31 March 2021, 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 OF IMPAIRMENT LOSSES ON TRADE RECEIVABLES, NET

	Year ended 31 March	
	2022	2021
	HK$'000	*HK$'000*
Net reversal of impairment losses on:		
– Trade receivables	**3,036**	3,478

6. FINANCE COSTS

	Year ended 31 March	
	2022	2021
	HK$'000	*HK$'000*
Interest expense on:		
– Bank borrowings	**585**	753
– Lease liabilities	**1,204**	1,096
	1,789	1,849

7. INCOME TAX EXPENSE (CREDIT)

	Year ended 31 March	
	2022	2021
	HK$'000	*HK$'000*
The expense (credit) comprises:		
Current tax		
– Hong Kong Profits Tax	**108**	76
– PRC Enterprise Income Tax ("EIT")	**158**	3,146
– United States Withholding Tax	**499**	425
	765	3,647
Under(over)provision in respect of prior years		
– Hong Kong Profits Tax	**45**	(137)
– PRC EIT	**(158)**	(3,222)
	(113)	(3,359)
Deferred taxation		
– Current year	**(56)**	(7,131)
	596	(6,843)

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.

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.

8. PROFIT FOR THE YEAR

	Year ended 31 March	
	2022	2021
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Auditor's remuneration	**1,700**	1,830
Cost of inventories recognised as expense (inclusive of allowance for inventories of HK$575,000 (2021: HK$13,155,000))	**709,296**	556,686
Depreciation and amortisation		
– depreciation of property, plant and equipment	**21,419**	15,741
– depreciation of investment properties	**114**	4,682
– depreciation of right-of-use assets	**6,547**	4,671
– amortisation of intangible assets (included in cost of sales)	**1,856**	1,856
	29,936	26,950
Capitalised in inventories	**(7,714)**	(6,714)
	22,222	20,236
Staff costs		
– directors' emoluments	**5,376**	2,747
– other staff costs, comprising mainly salaries	**316,764**	284,749
– retirement benefits scheme contribution excluding those of directors'	**39,073**	20,938
	361,213	308,434
Capitalised in inventories	**(276,392)**	(232,205)
	84,821	76,229

9. DIVIDENDS

	Year ended 31 March	
	2022	2021
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
Special final, paid – HK$1.5 cents paid for 2021 (2021: nil for 2020)	**3,942**	–
Special interim, paid – HK$1.5 cents paid for 2022 (2021: nil for 2021)	**3,942**	–
	7,884	–

Subsequent to the end of the reporting period, a final special dividend in respect of the year ended 31 March 2022 of HK1.5 cents (2021: final special dividend in respect of the year ended 31 March 2021 of HK1.5 cents) per ordinary share, in an aggregate amount of HK$3,942,000 (2021: HK$3,942,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

No final dividend in respect of the year ended 31 March 2022 has been proposed by the directors of the Company (2021: nil).

10. EARNINGS PER SHARE

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

	Year ended 31 March	
	2022	2021
Earnings		
Earnings attributable to owners of the Company for the purposes of basic earnings per share *(HK$'000)*	**9,091**	9,608
Number of shares		
Number of ordinary shares for the purposes of basic earnings per share	**262,778,286**	262,778,286

Diluted earnings per share is not presented for the years ended 31 March 2022 and 2021 as there was no potential ordinary share outstanding during both years.

11. TRADE AND OTHER RECEIVABLES

	As at 31 March	
	2022	2021
	HK$'000	*HK$'000*
Trade debtors from contracts with customers	**210,699**	236,571
Less: Allowance for credit losses	**(11,617)**	(14,373)
	199,082	222,198
Prepayments	**2,360**	2,990
Deposits	**4,618**	4,446
Value-added tax and other receivables	**19,172**	12,072
Right to return goods assets	**1,630**	1,900
Amounts due from entities controlled by non-controlling shareholders of a subsidiary *(Note)*	**–**	479
	226,862	244,085

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 2020, gross carrying amount of trade receivables from contracts with customers amounted to HK$225,048,000.

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

	As at 31 March	
	2022	2021
	HK$'000	*HK$'000*
Current	**193,864**	217,451
Overdue up to 90 days	**12,595**	16,087
Overdue more than 90 days	**4,240**	3,033
	210,699	236,571

12. 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:

	As at 31 March	
	2022	2021
	HK$'000	*HK$'000*
Trade payables		
Current and overdue up to 90 days	**102,072**	110,536
Overdue more than 90 days	**9,120**	34,767
	111,192	145,303
Accruals	**59,478**	56,688
Value-added tax and other payables	**14,267**	15,470
	184,937	217,461

DIVIDENDS

After considering the Group's profitability, liquidity, cash position and future business plans, the Directors resolved to recommend at the forthcoming annual general meeting a final special dividend of HK1.5 cents per share and no final dividend for the year ended 31 March 2022 (2021: final special dividend: HK1.5 cents; final dividend: nil) to the shareholders whose names appear in the register of members of the Company at the close of business on 31 August 2022. The final special dividend is expected to be paid on or about 14 September 2022. 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 15 August 2022 to 19 August 2022 (both days inclusive) and from 26 August 2022 to 31 August 2022 (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 12 August 2022. 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 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 March 2022, the Group achieved a satisfactory increase in consolidated turnover of 24.93% to HK$877 million (2021: HK$702 million). Despite the various challenges on the cost side, the Group managed to maintain its profitability and its gross profit margin remained stable at 18.11% (2021: 18.58%) during the year under review.

Starting from early 2021, significant rebound in market demand for eyewear products was noted as a result of the reduced impact of the COVID-19 pandemic. However, such rebound momentum slowed down since the resurgence of pandemic caused by the Omicron variants in the fourth quarter of 2021. On the other hand, the rebound in economic activities and the supply chain bottlenecks caused by the pandemic led to higher raw material and operation costs for the Group. Also the various government subsidies, once available during the 2020/21 fiscal year, did not continue in the year under review. However, the Group's continuous efforts in streamlining its operations, reducing costs and increasing overall efficiency were able to overcome these challenges and contributed positively to its profitability during the year. As a result, profit before tax improved to HK$9 million (2021: HK$3 million). Profit attributable to the owners of the Company decreased slightly to HK$9 million (2021: HK$10 million), as there was an income tax credit of HK$7 million for the last fiscal year while an income tax expense of HK$1 million was noted for the current year. Basic earnings per share was HK3.46 cents for the current year (2021: HK3.66 cents).

The ODM Business

The Group's turnover from its original design manufacturing ("ODM") business increased by 35.71% to HK$722 million (2021: HK$532 million), which accounted for 82.33% 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 economic recovery due to 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 45.68% to HK$354 million (2021: HK$243 million) and by 25.32% to HK$292 million (2021: HK$233 million) respectively. Europe and the United States continued to be the two largest markets of the Group's ODM business. They accounted for 49.03% and 40.44% of the Group's total ODM turnover respectively. In terms of product mix, metal frames, plastic frames and others contributed 42%, 57% and 1% (2021: 41%, 58% and 1%) of the Group's ODM turnover respectively, which was quite stable in comparison with that of the last review year.

The Branded Eyewear Distribution Business

The Group's turnover from its branded eyewear distribution business remained stable at HK$144 million (2021: HK$144 million), which accounted for 16.42% of the Group's total consolidated turnover. During the year 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. To make matter worse, since the fourth quarter of 2021, the resurgence of COVID-19 pandemic caused by the Omicron variants in certain Asian countries significantly hindered the performance of the Group's distribution business in the region. Asia continued to be the most important market of the Group's branded eyewear distribution business, it accounted for 97.22% (2021: 97.79%) of the Group's total distribution turnover.

The Branded Contact Lens Business

For the year ended 31 March 2022, the Group's turnover from its branded contact lens business decreased by 60.87% to HK$9 million (2021: HK$23 million), which accounted for 1% 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 year under review.

Other Businesses

The Group received income from an external party for trademark licensing, but such income contributed only a small portion of the Group's total consolidated turnover. For the year ended 31 March 2022, the Group received licensing income of HK$2 million (2021: HK$1 million) from an external party in connection with the trademark of Jill Stuart. During the previous fiscal year, the Group received rental income of HK$2 million from external parties for certain investment properties situated in Hong Kong. However, no rental income was received for the year under review as those investment properties were transferred to property, plant and equipment for the Group's self use in the previous 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$45 million from operations during the year under review. As at 31 March 2022, the Group held bank balances and cash of HK$324 million. It also had outstanding bank borrowings of approximately HK$40 million, which is repayable by installments over a period of 20 years with a repayable on demand clause. The debt-to-equity ratio (expressed as a percentage of bank borrowings over equity attributable to owners of the Company) as at 31 March 2022 was 5.15%, 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 31 March 2022, the net current assets and current ratio of the Group were approximately HK$413 million and 2.7:1 respectively. The total equity attributable to owners of the Company increased to HK$781 million as at 31 March 2022 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 83 days and 51 days respectively during the year under review (2021: 116 days and 74 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.

PROSPECTS

It is expected that the business environment will continue to be tough and uncertain in the period ahead. Since the fourth quarter of 2021, the resurgence of COVID-19 pandemic caused by the Omicron variants in various countries worldwide, especially in some Asian countries, had already triggered a new round of lockdowns and other restriction measures. As a result, the global supply chain is starting to be hit even more severely than before. If the situation continues or gets worse, even higher input prices and operating costs for manufacturers like ourselves will be very likely. In addition, the conflict between Russia and Ukraine has intensified since the first quarter of 2022, and the resulting rise in geopolitical tensions may further dampen the global supply chain as well as the recovering global economy. Therefore, it is expected that the market demand for eyewear products in the near future will be highly volatile and the Group's profitability will be adversely affected due to higher input prices and operating costs caused by the above factors.

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 will continue to explore new sales channels and distribution partners for its branded eyewear distribution business. The Group's brand portfolio is being constantly reviewed and we will take advantage of any opportunity to enrich our portfolio with new brands carrying strong potential. 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, incorporate more design and tailor-made elements in our products and distribute them in more and also different sales channels.

Looking forward, despite the business environment being full of challenges, we are confident that, with our strength in product development, brand management and manufacturing in the eyewear industry as well as our strong financial status, 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 enhancing the management of the Company as well as to preserve the interests of the shareholders as a whole. The Board has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") and the Corporate Governance Report contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). During the year ended 31 March 2022, the Company has complied with all applicable code provisions in the CG Code which were effective during the period between 1 April 2021 and 31 March 2022, 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. Chow Chi Fai (Chairman), Mr. Lee Kwong Yiu and Mr. Wong Che Man, Eddy, all of whom are independent non-executive Directors. Mr. Chow Chi Fai and Mr. Wong Che Man, Eddy are both qualified certified public accountants and possess the qualifications as required under rule 3.10(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 2022 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. Wong Che Man, Eddy and Mr. Chow Chi Fai, 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, and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

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. Lee Kwong Yiu and Mr. Chow Chi Fai, all of whom are independent non-executive Directors, as well as the human resources manager of the Group. The duties of the Nomination Committee include, inter alia, the review of the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy. Moreover, in performing the duties, the Nomination Committee shall ensure that the Board has the appropriate balance of skills, experience and diversity of perspective appropriate to the requirements of the Company's business and that the Company makes relevant disclosure in accordance with the requirements of the Listing Rules.

The Company has adopted the policy related to nomination of the Directors. When a candidate is recommended and selected or when an existing Director is recommended and selected for re-election, decision will be made according to factors including such candidate's integrity, professional knowledge, industry experience and commitment to the Group's business in respect of time and attention. In addition, the Nomination Committee will also consider the long-term objective of the Group and the requirements as set out in rule 3.13 of the Listing Rules (if applicable). Candidates are required to make appropriate disclosure to the Board to avoid any conflict of interests. Besides, the nomination procedures and processes are required to be conducted in an objective manner in accordance with the laws of Bermuda, the Bye-laws as well as other applicable regulations.

The Company has adopted policy concerning diversity of Board members. Under such a policy, selection of the candidates to the Board is based on the Company's business model and specific needs with reference to a range of diversity perspectives, including but not limited to gender, age, language, culture, education background, professional knowledge and industry experience. The Company believes that a balanced and diversified board composition will help to stimulate new ideas and enhance the quality of the Group's decision making process. For the year ended 31 March 2022, the Company maintained an effective Board comprising members of different genders, professional background and industry experience. The Company's board diversity policy was consistently implemented. As at the date of this announcement, the Board consist of one female and seven male Directors. The Nomination Committee will ensure the Board should not consist of Directors with a single gender and will endeavour to comply with the requirements of the diversity of the Board from time to time with effect from the date(s) stipulated by the Listing Rules and with reference to the board diversity policy of the Company.

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. Having made specific enquiry of all Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 March 2022.

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

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

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 2022 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 2022 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, 24 June 2022

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.