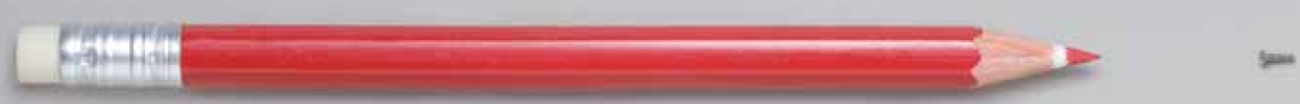
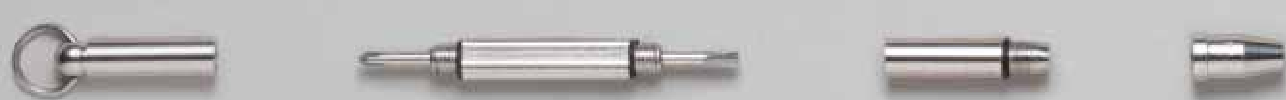
2016 年報 /17

ANNUAL REPORT

CONTENT



CORPORATE



PROFILE

Sun Hing Vision Group is one of the leading ODM eyewear manufacturers in the world. We have decades of experience in making premium eyewear products. Our unique approach in product design and development enables us to deliver innovative product solutions to our ODM customers, which include the most famous international fashion brands and designer names.

The Group is also engaged in the distribution business for branded eyewear products. We have well established distribution networks all over the world, with especially strong presence in Asia. We have exclusive licensing and distribution rights for eyewear for a wide range of brands. Our brand portfolio consists of reputable brand names including Levi's, New Balance, Jill Stuart, Celine Dion, agnès b. and Bally.


agnès b.

FASHION SENSE AND CREATIVITY

Our deep love and understanding in fashion trends enable us to create exciting products that combine stunning design with functionality. Our talents in design team are not only passionate and fashion conscious, but also familiar with every subtle technical aspect of the products. This allows us to transform imagination and creative ideas into high quality products that the market loves.

CUSTOMER FIRST

Every customer is our long-term partner to achieve business success. We aim at achieving sustainable growth together with customers and acting as a non-replaceable part in their supply chains. Our professionals in customer service team are committed to serve customers with the most promising service and promptly react to their business needs. We are proud to play a role in our customers' roadmap to excellence.

PROFESSIONALISM AND CONTINUOUS IMPROVEMENT

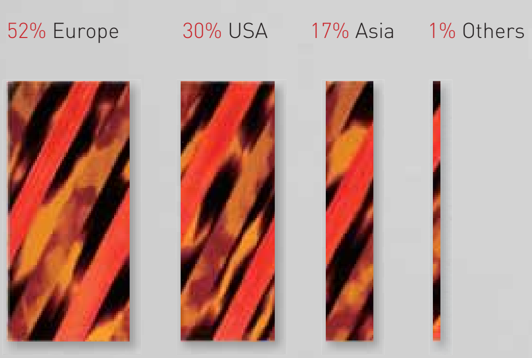
Sun Hing Vision Group stands out against other participants in the industry because of our competitive edge in production. We have obtained expertise and unique knowhow in making premium eyewear through our decades of operation in the industry. Our experts in manufacturing team carefully plan each step of production in a proactive manner, execute the production processes with efficiency in mind, and control the production quality with the highest level of diligence and professionalism. We never stop to seek out innovative ways for production. We believe that continuous improvement is our key to future success.

FINANCIAL HIGHLIGHTS

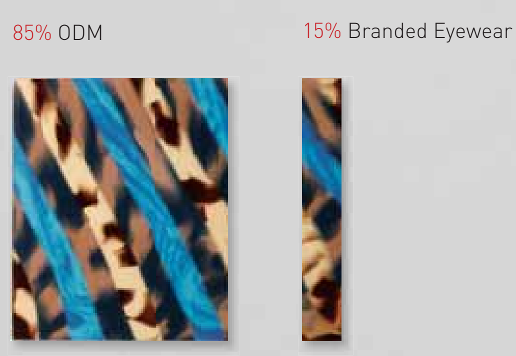
Revenue
(HK$'000) for year ended 31 March

Profit Attributable to Owners of the Company
(HK$'000) for year ended 31 March

Revenue by Geographical Area
for year ended 31 March 2017



Revenue by Business Division
for year ended 31 March 2017



LETTER TO SHAREHOLDERS

We are pleased to announce the results of Sun Hing Vision Group Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2017.

RESULTS

During the fiscal year under review, the global economy was volatile. The Group's turnover was adversely affected by the fluctuating market demand and slightly decreased by about 1% to HK$1,067 million (2016: HK$1,078 million). Meanwhile, the profitability of the Group improved and profit attributable to owners of the Company increased by 27.89% to HK$71 million (2016: HK$55 million). Accordingly, basic earnings per share also increased to HK27 cents (2016: HK21 cents).

DIVIDENDS

The Directors have resolved to recommend at the forthcoming annual general meeting a final dividend of HK10.0 cents per share and a final special dividend of HK9.0 cents per share for the year ended 31 March 2017, to the shareholders whose names appear in the register of members of the Company at the close of business on 31 August 2017. This final and final special dividend, together with the interim and interim special dividend of HK6.0 cents per share already paid, will make a total distribution of HK25.0 cents per share for the full year. The final dividend and final special dividend are expected to be paid on or about 14 September 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 11 August 2017 to 18 August 2017 (both days inclusive) and from 25 August 2017 to 31 August 2017 (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 10 August 2017. In order to qualify for the proposed final dividend and 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 24 August 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The business environment continued to be full of challenges. During the year under review, the result of Brexit referendum in the United Kingdom created significant uncertainty in the European market. Consumer confidence there was weak due to the relatively weak Euro environment. In addition, the economic pickup in the major Asian countries remained slow. However, the Group was still able to manage its consolidated turnover at a relatively stable level even given such a backdrop. For the year ended 31 March 2017, the Group's consolidated turnover was HK$1,067 million (2016: HK$1,078 million), which represented a slight drop of about 1% as compared to that of the last fiscal year. Meanwhile, the profitability of the Group improved due to the continuous enhancement of operating efficiency, favorable change of product mix to higher-

LETTER TO SHAREHOLDERS (CONTINUED)

margin items as well as the deprecation of Renminbi. As a result, the Group's gross profit margin and net profit margin increased to 25.09% (2016: 21.71%) and 6.61% (2016: 5.06%) respectively.

THE ODM BUSINESS

During the fiscal year under review, original design manufacturing ("ODM") business accounted for 85.19% of the Group's total consolidated turnover and continued to be the largest source of the Group's revenue. For the year ended 31 March 2017, the Group's ODM turnover slightly decreased by 0.66% to HK$909 million (2016: HK$915 million). Europe was the largest market of the Group's ODM business. Adversely affected by the uncertain political climate caused by the decision of the United Kingdom to leave European Union as well as the depreciation of Euro in the third and fourth quarter of the fiscal year under review, customers in Europe became cautious in replenishing orders. As a result, the Group's ODM turnover to Europe decreased by 1.08% to HK$552 million (2016: HK$558 million). In the meantime, there was a market rebound in the United States, the second largest market of the Group's ODM business, in the fiscal year under review. The Group's ODM turnover to United States increased by 3.21% to HK$322 million (2016: HK$312 million), which offsets part of the negative impact caused by the slowdown of European market. In terms of geographical allocation, Europe and United States accounted for 60.73% and 35.42% (2016: 61.05% and 34.08%) of the Group's ODM turnover respectively. In terms of product mix, sales of plastic frames, metal frames and others accounted for 53%, 46% and 1% (2016: 55%, 44% and 1%) of the Group's ODM turnover respectively.

THE BRANDED EYEWEAR DISTRIBUTION BUSINESS

Branded eyewear distribution business accounted for 14.81% of the Group's consolidated turnover. During the year under review, the Group's distribution turnover decreased by 3.07% to HK$158 million (2016: HK$163 million). It was because the purchasing power of most of the Asian countries and certain emerging countries were eroded by the their weaker currencies against the stronger U.S. dollar. Furthermore, the Chinese economy still did not yet fully recoup its growth momentum. The overall market demand was therefore sluggish in general, which negatively affected the Group's performance. Asia continued to be the largest market of the Group. It accounted for 92.64% of the Group's distribution turnover. Within Asia, China and Japan were the top performing countries which contributed about 43.54% and 17.22% respectively of the Group's distribution turnover.

LIQUIDITY AND CAPITAL RESOURCES

The Group continued to maintain a strong liquidity and financial position during the year under review. It held a cash and bank balance of HK$427 million as at 31 March 2017 and did not have any bank borrowings throughout the year. Net cash inflow from operations amounted to HK$160 million during the reporting fiscal year. The Group will continue to manage its cash flows with prudence and diligence, without compromising the needs to explore new business opportunities and strategically invest in assets that can enhance the Group's competitiveness in long run.

Given the Group's strong cash position, the Directors have again resolved to declare a final special dividend of HK9.0 cents per share on the top of the final dividend of HK10.0 cents per share for the year ended 31 March 2017. The Directors

LETTER TO SHAREHOLDERS (CONTINUED)

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

As at 31 March 2017, the net current assets and current ratio of the Group were approximately HK$650 million and 4.7:1 respectively. The equity attributable to owners of the Company increased to HK$932 million as at 31 March 2017 from HK$925 million as at 31 March 2016 after the payment of dividends during the year under review. The Group adopted a prudent approach to control its inventory and receivables. Accordingly, debtor turnover period and inventory turnover period were managed at 96 days and 51 days respectively. The Directors are confident that the financial position of the Group will remain strong, and the Group has sufficient liquidity and financial resources to meet its present commitments and future business plans.

FOREIGN EXCHANGE EXPOSURE

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

HUMAN RESOURCES

The Group had a workforce of over 6,000 people as at 31 March 2017. The Group remunerates its employees based on their performance, years of service, work experience and the prevailing market situation. Bonuses and other incentive payments are granted on a discretionary basis based on individual performance, years of service and overall operating results of the Group. Other employee benefits include medical insurance scheme, mandatory provident fund scheme or other retirement benefit scheme, subsidised or free training programs and participation in the Company's share option scheme.

CHARGES ON GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2017, other than those disclosed in the financial statements, there were no charges on the Group's assets or any significant contingent liabilities.

CAPITAL COMMITMENT

Details of the Group's capital commitment are set out in Note 27 to the consolidated financial statements.

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

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

PROSPECTS

Looking forward, the business environment is expected to remain challenging. On the one hand, the

LETTER TO SHAREHOLDERS (CONTINUED)

market demand will continue to be volatile. European market is likely to be unstable in the post Brexit era and the U.S. dollar is anticipated to further appreciate which may suppress product demand in Europe and Asia. On the other hand, we foresee that customers will become even more conscious about product quality and service standard. They expect that premium merchandises, to be supported by responsive services, can be delivered to the end consumers in a lightening short lead time. In response to the above challenges, the Group will continue to improve its operating efficiency, streamline its production processes, optimize its organization structure, further standardize its operation and enhance flexibility of its production capacity. The above measures are expected to allow the Group to swiftly react to the fast changing market demand as well as shortening the production and product development cycle. Meanwhile, the Group will further reduce its cost footprint by cautiously managing its expenditure, adopting a prudent but yet flexible budget control and exploring alternative source of lower-cost purchase with quality. In addition, the Group will continue to improve its working capital by reinforcing strong inventory management and credit control. The Directors believe that the above measures will help the Group to maintain its financial strength so that it can survive even in the toughest business environment.

In the years to come, the Group will strengthen its alliance with strategic customers, without stopping to search for new business partners with growth potential. The Group will further integrate into its customers' supply chains with an objective to function as a non-replaceable partner who offers customers with all-rounded product solutions.

The Directors anticipate that branded eyewear distribution business will be an important driver for the Group's future growth. The Group will therefore keep on expanding its distribution network, especially in China and other Asian countries where it has strong product presence. Furthermore, the Group will strengthen its brand mix by introducing new brand names to its portfolio. The Group has recently obtained exclusive right to distribute eyewear products for the reputable brand "agnès b." worldwide and another famous brand "Bally" in China, Hong Kong and Macau. The new agnès b. and Bally eyewear products have received very favorable market response so far. The Group will also utilize its brand assets to widen product variety and seek for new business opportunities. Innovative features will be incorporated to the Group's branded eyewear products to bring unique experience to end consumers.

The business environment ahead will be full of both challenges and business opportunities. Levering on our vision, strategy and financial strength, we are confident that the Group will overcome the difficulties to be encountered, and will create long term value for our shareholders as well as deliver the objective of achieving sustainable growth in long run.

APPRECIATION

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

Ku Ngai Yung, Otis
Chairman

Ku Ka Yung
Deputy Chairman

Hong Kong, 23 June 2017

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Ku Ngai Yung, Otis, aged 50, is the chairman and managing Director of the Group. He is also a director of certain Group members. Mr. Ku holds a bachelor of arts degree majoring in administrative and commercial studies from the University of Western Ontario, Canada. He joined the Group in June 1988. He is responsible for the Group's overall corporate policy making, strategic planning and business development. He is the brother of Mr. Ku Ka Yung.

Mr. Ku Ka Yung, aged 44, is the deputy chairman and chief financial officer of the Group. He is also a director of certain group members. Mr. Ku is responsible for the Group's accounting and financial management. He holds a bachelor of commerce degree from the University of Toronto, Canada and a master of business administration degree from McGill University, Montreal, Canada. He is a certified public accountant in the US and joined the Group in August 1996. He is currently an independent non-executive director of Shenzhen Forms Syntron Information Co., Ltd., which is a company listed on the Shenzhen Stock Exchange. Mr. Ku is the brother of Mr. Ku Ngai Yung, Otis.

Mr. Chan Chi Sun, aged 51, is the executive Director responsible for the general administration of the Group. He also holds directorships and other positions of other Group members. Mr. Chan holds a bachelor degree from the University of Western Ontario, Canada. He joined the Group in June 1994. He is responsible for the overall administration of the Group and has extensive experience in information technology.

Ms. Ma Sau Ching, aged 55, is the executive Director responsible for the marketing development of the Group. She also holds position of other Group member. Ms. Ma holds a master of business administration degree in strategic marketing from the University of Hull, United Kingdom, and a diploma in management studies from the Hong Kong Polytechnic University. She joined the Group in December 1997.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lo Wa Kei, Roy, aged 46, has been an independent non-executive Director of the Group since 1 May 1999. He is a certified public accountant in Hong Kong, a fellow member of Hong Kong Institute of Certified Public Accountants, a fellow member of CPA Australia and an associate of the Institute of Chartered Accountants in England and Wales. He is also the member of the Shanghai Pudong New Area Committee of the Chinese People's Political Consultative Conference and the founding executive vice president and council member of the Hong Kong Independent Non-Executive Director Association. Mr. Lo has over twenty four years of experience in auditing, accounting, risk management and finance. He is the managing partner of SHINEWING (HK) CPA Limited. He is also currently an independent non-executive director of China Oceanwide Holdings Limited, China Zhongwang Holdings Limited, Sheen Tai Holdings Group Company Limited, Xinming China Holdings Limited, Quam Limited and Wan Kei Group Holdings Limited and was an independent non-executive director of North Mining Shares Company Limited until 24 November 2015. The above companies are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

Mr. Lee Kwong Yiu, aged 54, has over twenty years of experience in Hong Kong law as a qualified solicitor. He is now the principal of Philip K. Y. Lee & Co. Solicitors. He is also the Associate Member of the Chartered Institute of Arbitrators and is a China-Appointed Attesting Officer since 20 April 2006. Mr. Lee has been appointed as an independent non-executive Director since 1 May 2001. He was also an independent non-executive director of Tesson Holdings Limited (formerly known as Kith Holdings Limited) and ABC Communications (Holdings) Limited (now known as Ban Loong Holdings Limited) until 26 April 2016 and 6 October 2014 respectively. Both companies are listed on the Stock Exchange.

Mr. Wong Che Man, Eddy, aged 57, has over twenty five years of experience in the auditing and accounting profession. He is the sole proprietor of Eddy Wong & Co., Certified Public Accountants, and is also a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Wong has been appointed as an independent non-executive Director since 21 September 2004. He is currently an independent non-executive director of China All Access (Holdings) Limited, which is a company listed on the Stock Exchange.

CORPORATE GOVERNANCE REPORT

The Company is committed to maintain a high standard of corporate governance with a view to enhancing the management of the Company as well as to preserve the interests of the shareholders as a whole. The Board has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") and the Corporate Governance Report contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). During the year ended 31 March 2017, the Company has complied with all applicable code provisions in the CG Code which were effective during the period between 1 April 2016 to 31 March 2017, except for the deviation from Code A.2.1, of the CG Code as described below in the "Chairman and Chief Executive Officer" section.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding directors' securities transactions on terms no less exacting than the required standard under the Model Code. Having made specific enquiry of all Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 March 2017.

BOARD OF DIRECTORS

During the period between 1 April 2016 to 31 March 2017, the Board comprises of five executive Directors, namely Mr. Ku Ngai Yung, Otis (Chairman), Mr. Ku Ka Yung (Deputy Chairman), Mr. Tsang Wing Leung, Jimson, Mr. Chan Chi Sun and Ms. Ma Sau Ching and three independent non-executive Directors (representing at least one-third of the Board), namely Mr. Lo Wa Kei, Roy, Mr. Lee Kwong Yiu and Mr. Wong Che Man, Eddy. On 26 April 2016, Mr. Tsang Wing Leung, Jimson tendered his resignation as an executive director of the Company with effect from 1 June 2016.

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

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

The Board conducted 4 Board meetings, all of such meetings were regular Board meetings in compliance with Code A.1.1 of the CG Code, during the year ended 31 March 2017. The attendance of each Director is set out as follows:

Directors	Attendance Record
Mr. Ku Ngai Yung, Otis *(Chairman)*	4/4
Mr. Ku Ka Yung *(Deputy Chairman)*	4/4
Mr. Chan Chi Sun	4/4
Ms. Ma Sau Ching	4/4
Mr. Lo Wa Kei, Roy	3/4
Mr. Lee Kwong Yiu	4/4
Mr. Wong Che Man, Eddy	4/4

CORPORATE GOVERNANCE REPORT (CONTINUED)

Mr. Tsang Wing Leung, Jimson, resigned as an executive director of the Company with effect from 1 June 2016. He did not attend any Board meeting during the year ended 31 March 2017.

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

The Board is also responsible for performing the corporate governance function of the Company in accordance with written terms of reference that are consistent with the duties as set out in Code D.3.1 of the CG Code. During the year ended 31 March 2017, the Board has performed the duties and reviewed the corporate governance report and monitored the Company's compliance with the CG Code. The Board has also reviewed the Company's policies and practice on corporate governance.

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

The Company does not officially have a position of Chief Executive Officer. However, Mr. Ku Ngai Yung, Otis has been assuming the roles of both the Chairman and Chief Executive Officer of the Company. In this regard, the Company has deviated from Code A.2.1 of the CG Code. The Board intends to maintain this structure in the future as it believes that it would provide the Group with strong and consistent leadership and allow the Group's business operations, planning and decision making as well as execution of long-term business strategies to be carried out more effectively and efficiently. Nonetheless, the Board would review and monitor the situation on a regular basis and would ensure that the present structure would not impair the balance of power in the Company.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

Mr. Ku Ka Yung and Mr. Chan Chi Sun, both executive Directors, and Mr. Lo Wa Kei, Roy, an independent non-executive Director were re-elected as Directors at the 2016 annual general meeting for a term of no more than three years and subject to retirement by rotation in accordance with the Bye-laws.

Ms. Ma Sau Ching, an executive Director, and Mr. Wong Che Man, Eddy and Mr. Lee Kwong Yiu, both independent non-executive Directors, will retire at the forthcoming 2017 annual general meeting and will offer themselves for re-election. Their proposed term of office shall not be more than three years and is subject to retirement by rotation in accordance with the Bye-laws.

CORPORATE GOVERNANCE REPORT (CONTINUED)

CONTINUING PROFESSIONAL DEVELOPMENT OF DIRECTORS

Under Code A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Company should be responsible for arranging and funding, placing an appropriate emphasis on the roles, functions and duties of the Directors. During the year ended 31 March 2017, all Directors, other than Mr. Tsang Wing Leung, Jimson whose resignation was effective from 1 June 2016, Mr. Lo Wa Kei, Roy and Mr. Wong Che Man, Eddy, attended a seminar on the recent changes on the requirements for risk management and key review of disclosures made in the annual report organized by the Company and conducted by the Company's legal advisor, Messrs. King & Wood Mallesons. All Directors, other than Mr. Tsang Wing Leung, Jimson, were also provided by the Company with materials designed for refreshing knowledge on Listing Rules and other relevant laws and regulations. According to the records maintained by the Company, Mr. Lo Wa Kei, Roy, Mr. Lee Kwong Yiu and Mr. Wong Che Man, Eddy participated in courses, seminars and other continuous professional development programs required for their professional practices. Details of the professional qualifications of each Director are set out in the section of Directors and Senior Management on page 13.

COMPANY SECRETARY

Mr. Lee Kar Lun, Clarence was appointed as the company secretary of the Company on 26 October 2012. He is a full time employee of the Group and possesses the professional qualifications as required under rule 3.28 of the Listing Rules. Mr. Lee Kar Lun, Clarence confirmed that he has undertaken not less than 15 hours of relevant professional training during the year ended 31 March 2017 in accordance with rule 3.29 of the Listing Rules.

REMUNERATION COMMITTEE

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

The Remuneration Committee held 1 meeting during the year ended 31 March 2017. The attendance of each remuneration committee member is set out as follows:–

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

During the year ended 31 March 2017, the Remuneration Committee has reviewed and made recommendations to the Board on the remuneration packages of individual Directors and senior management and the overall remuneration policy of the Group and assessed performance of the Directors.

CORPORATE GOVERNANCE REPORT (CONTINUED)

AUDIT COMMITTEE

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

During the year ended 31 March 2017, the Audit Committee held 2 meetings. Attendance of each audit committee member is set out as follows:

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

During the year ended 31 March 2017, the Audit Committee has performed the above duties, including making recommendations to the Board regarding risk management and internal control matters, and reviewing the interim and annual reports of the Group. The Group's consolidated financial statements for the year ended 31 March 2017 have been reviewed by the Audit Committee and audited by the Company's external auditor, Messrs. Deloitte Touche Tohmatsu.

AUDITOR'S REMUNERATION

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

Type of Services	Fees paid/payable
Audit services	HK$1,138,000
Non-audit services	
Interim results review	HK$200,000
Tax compliance and advisory services	HK$150,000
Internal control review	HK$65,000
Advisory on risk management system	HK$128,000

CORPORATE GOVERNANCE REPORT (CONTINUED)

NOMINATION COMMITTEE

A nomination committee (the "Nomination Committee") was established by the Company with written terms of reference. The Nomination Committee comprises Mr. Wong Che Man, Eddy (Chairman), Mr. Lo Wa Kei, Roy and Mr. Lee Kwong Yiu, all of whom are independent non-executive Directors, as well as the human resources manager of the Group. The duties of the Nomination Committee include, inter alia, the review of the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy. Moreover, in performing the duties, the Nomination Committee shall ensure that the Board has the appropriate balance of skills, experience and diversity of perspective appropriate to the requirements of the Company's business. Selection of the candidates to the Board shall be 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, cultural and education backgrounds, industry and professional experience.

During the year ended 31 March 2017, the Nomination Committee held 1 meeting. Attendance of each nomination committee member is set out as follows:

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

During the year ended 31 March 2017, the Nomination Committee has monitored and reviewed the nomination procedures and process for the nomination of Directors, reviewed the composition of the Board and made recommendation to the Board on matters related to election and retirement of the Directors. With the existing Board members coming from a variety of business and professional background, the Nomination Committee considers that the Board possesses a balance of skills, experience and diversity appropriate to the requirements of the Company's business.

ACCOUNTABILITY, INSIDE INFORMATION, RISK MANAGEMENT AND INTERNAL CONTROL

The Directors acknowledge their responsibility to prepare financial statements for the financial year ended 31 March 2017 which give a true and fair view of the state of affairs of the Company and the Group and the results and cash flows of the Group. In preparing the financial statements for the year ended 31 March 2017, the Directors have adopted suitable accounting policies which are pertinent to the Group's operation and relevant to the financial statements, have made judgements and estimates that are prudent and reasonable, and have prepared the financial statements on a going concern basis.

The Directors' responsibilities for the preparation of the financial statements, and the responsibilities of the auditor to the shareholders, are set out in the auditor's report on pages 33 to 37.

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

CORPORATE GOVERNANCE REPORT (CONTINUED)

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

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

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

During the year ended 31 March 2017, the Board has conducted annual review to assess the effectiveness of the Group's risk management and internal control system through the following:

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT (CONTINUED)

GENERAL MEETING

During the year ended 31 March 2017, there was one general meeting (the annual general meeting). The attendance of each Director is set out as follows:

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

Mr. Tsang Wing Leung, Jimson, resigned as an executive director of the Company with effect from 1 June 2016. He did not attend any general meeting during the year ended 31 March 2017.

COMMUNICATION WITH SHAREHOLDERS

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

SHAREHOLDERS' RIGHTS

PROCEDURES BY WHICH SHAREHOLDERS CAN CONVENE A SPECIAL GENERAL MEETING

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

CORPORATE GOVERNANCE REPORT (CONTINUED)

PROCEDURES BY WHICH ENQUIRIES MAY BE PUT TO THE BOARD

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

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

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

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

INVESTOR RELATIONS

There has been no significant change in the Company's constitutional documents during the year ended 31 March 2017.

ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

GENERAL

Sun Hing Vision Group Holdings Limited and its subsidiaries (the "Group") are pleased to present its Environment, Social and Governance Report for the year ended 31 March 2017. The Group is committed to promote sustainable development in the environment and society. During the year ended 31 March 2017, the Group did not observe any material non-compliance on the applicable and relevant social and environmental laws and regulations that have a significant impact on the Group. Various measures are carried out and policies are established that cover different aspects. Their major features are explained below:

ENVIRONMENT

EMISSIONS AND USE OF RESOURCES

The Group targets to minimize the emission of greenhouse gas and other wastages. Policies are adopted which aim at complying with the applicable requirements of the laws, regulations, rules and practices on emission and use of resources. Due to the Group's business nature, major source of the Group's greenhouse gas discharge is indirectly derived from the daily consumption of electricity power. The Group develops policy to reduce electricity usage. Campaigns are carried out and notice boards are installed in the Group's premises to encourage employees to save energy. The Group deploys real-time system to monitor abnormal electricity consumption and gather data through the system to identify areas for optimization on usage. The data for electricity usage is analyzed, reported monthly and shared within the Group so as to allow different departments to have a benchmark on usage and understand the overall energy performance. When machineries and equipments are acquired, the Group has preference to acquire high-performance products in terms of power consumption when possible. Lighting and air conditioning are configured in an optimized way to prevent over consumption of electricity.

The Group is committed to reduce other wastages. Production is scheduled in a manner to minimize excessive stocking of unused materials and loose tools. Surplus materials, scraps and other solid waste are arranged for re-use or recycle if possible in order to reduce land wastage. Non-hazardous raw materials are used to reduce the production of hazardous waste. The Group encourages employees to reduce paper consumption and recycle used papers. Devices are installed in some of the Group's photocopy machines to monitor paper usage. In addition, the Group requires production units to minimize water consumption. Meters are equipped to monitor and control any inefficient usage of water. Certain equipments are also installed in the Group's premises for treating water before discharge.

ENVIRONMENT AND NATURAL RESOURCES

The Group has established an environment management system which is credited with ISO140001 certification. It promotes the concept of clean production in order to carry out the relevant activities in an environmentally friendly manner. Scare natural resources are not employed in production unless it is not avoidable. Furthermore, the management of the Group encourages the use of alternative energy that is cleaner and more sustainable. Natural gas and solar energy have been used in some units of the Group to reduce the reliance on the traditional fossil energy.

SOCIAL

EMPLOYMENT AND LABOUR PRACTICES

The Group conceives employees as its important asset and is concerned about their well being. Competitive remuneration packages are provided to attract talents to join the Group. The Group adopts human resources policy that follows the applicable requirements of the relevant laws and regulations in connection with compensation, dismissal, recruitment and promotion. The Group also promotes the concept of equal opportunity and incorporates it into the Group's code of ethics. No employee is allowed to be subject to any form of discrimination in employment on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.

ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

HEALTH AND SAFETY

The Group is aware of the importance of occupational safety and health. It requires every department of the Group to comply with the applicable requirements of the relevant laws and regulations in connection with work environment safety and protection from occupation hazards. In order to minimize the occurrence of accident and injury, the Group arranges appropriate equipments and clothing to employees. In addition, workplace is maintained in a hygienic condition and its layout is properly designed with first aid facilities and emergency exits being installed. Training is provided to employees and safety procedures are established for the identified work positions that may be exposed to potential danger. Insurance and health checks are also provided to the applicable qualified employees according to the policy of the Group.

DEVELOPMENT AND TRAINING

The management of the Group believes that training plays an important role to enhance productivity and efficiency. It is also critical for building corporate culture. The Group therefore has established policy which aims at improving employees' knowledge and skills for discharging duties at work. For new joining employees of certain applicable job positions, tailor-made pre-job training is provided to them before they are directed to the workplace. Furthermore, ongoing training programs, ranging from hands-on operating technique, product knowledge, departmental procedures to management skills, are periodically provided for appropriate positions of employees either by internal training team of the Group's human resources department or through external consultants. The Group will subsidise qualified employees to attend job related courses and seminars organized by external service providers. It also arranges annual training for directors of the Company to let them be informed for the updated requirements related to their duties. In order to let employees have a well-defined career path, job design and organization structure are carefully implemented to provide employees with work incentives. The Group has structured assessment programs and appraisal systems to evaluate the performance of employees based on objective criteria. Promotion or job rotation of employees are determined by referring to the results of assessment.

LABOUR STANDARDS

The Group observes the principles of certain prevailing international labour standards and has established policy that follows the applicable requirements of the laws and regulations related to child and forced labour. In addition, the Group incorporates the applicable principles of labour standards in its code of ethics, which disallows forced labor, prison labor, indentured labor and exploited labor. Such code also disallows persons younger than the age required by the local statutory requirements or the age of completing compulsory education in the country of operation to be employed.

SUPPLY CHAIN MANAGEMENT

Suppliers play an important role in maintaining the Group's product quality. The Group has policy on selection of suppliers, and only allows approved vendors to be employed. Product and service specification are reviewed before orders are placed and incoming materials will be examined by the quality assurance team of the Group according to the preset programs before they are allocated to the production lines. The Group establishes system to monitor vendors' performance based on their product quality and supply lead time. Their performance is ranked and communicated in the periodic vendor meetings so that feedback can be provided to them for further improvement.

ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

PRODUCT RESPONSIBILITY

The Group has well-established policy that follows the applicable and relevant laws and regulations related to product standards and labeling. The aim of the policy is to ensure that the Group's products can meet pre-defined specifications and quality requirements. The Group has a quality management system which is certified to comply with ISO9001. Different quality assurance procedures are also developed by considering the prevailing requirements of major international product standards. The Group requires its vendors to comply with the same standards as well as other applicable laws and regulations on aspects such as product safety, product testing, measurement and labeling. In addition, the Group maintains product liability insurance that provides coverage to the applicable products.

ANTI-CORRUPTION

The Group regards ethics and integrity as its important core value. It has policy which follows the applicable requirement of the relevant laws and regulations on bribery, fraud and money laundering. Some of those requirements are also incorporated in the Group's employees' handbook and code of ethics. The Group requires its employees to be honest and avoid the situation of any conflict of interests. Employees are also not allowed to receive gift that may exceed normal commercial or courtesy practice.

COMMUNITY INVESTMENT

The Group encourages its employees to dedicate their time to support the local community. The Group also participates, from time to time, in charity activities, such as donation of eyewear products to non-profit organizations and other fund raising events.

DIRECTORS' REPORT

The Directors of Sun Hing Vision Group Holdings Limited (the "Company") present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 31 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2017 are set out in the consolidated statement of profit or loss and other comprehensive income on page 38.

An interim dividend of HK4.5 cents per share of the Company amounting to approximately HK$11,825,000 and an interim special dividend of HK1.5 cents per share amounting to approximately HK$3,942,000 were paid to the shareholders of the Company during the year. The Directors now recommend a final dividend of HK10.0 cents per share amounting to approximately HK$26,278,000 and a final special dividend of HK9.0 cents per share amounting to approximately HK$23,650,000 to the shareholders of the Company whose names appear on the register of members at the close of business on 31 August 2017.

REVIEW OF THE GROUP'S BUSINESS AND KEY PERFORMANCE INDICATORS

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

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's operation and financial position may be affected by certain risks and uncertainties. Principal risks identified by the Group include market risk, credit risk and liquidity risk. Details of those risks are set out in note 25 to the consolidated financial statements. Details of uncertainties associated with accounting estimation are set out in note 4 to the consolidated financial statements.

COMPLIANCE WITH LAWS AND REGULATIONS

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is dedicated to promote sustainable development in environment and has established policies that covers aspects including reduction of waste and energy consumption. It periodically monitors performance related to environmental policies.

DIRECTORS' REPORT (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the year, the Group acquired property, plant and equipment at a cost of approximately HK$35,465,000 to maintain the existing plants and upgrade production facilities. Details of these and other movements in property, plant and equipment and investment properties of the Group during the year are set out in note 13 and 15 to the consolidated financial statements respectively.

KEY RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

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

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

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers comprised approximately 78.82% of the Group's total sales and the sales attributable to the Group's largest customer were approximately 25.09% of the Group's total sales.

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

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

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 22 to the consolidated financial statements.

DISTRIBUTABLE RESERVE OF THE COMPANY

As at 31 March 2017, the Company's reserves available for distribution comprising retained profits of HK$132,119,000 (2016: HK$147,921,000).

DIRECTORS' REPORT (CONTINUED)

DIRECTORS

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

EXECUTIVE DIRECTORS:

Ku Ngai Yung, Otis *(Chairman)*
Ku Ka Yung *(Deputy Chairman)*
Chan Chi Sun
Ma Sau Ching
Tsang Wing Leung, Jimson*

INDEPENDENT NON-EXECUTIVE DIRECTORS:

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

* On 26 April 2016, Mr. Tsang Wing Leung, Jimson tendered his resignation as an executive director of the Company with effect from 1 June 2016

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

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

DIRECTORS' SERVICE CONTRACTS

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

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

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

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

DIRECTORS' REPORT (CONTINUED)

MANAGEMENT CONTRACTS

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

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

As at 31 March 2017, the interests and short positions of the Directors and chief executives of the Company, and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

1. SHARES IN THE COMPANY (LONG POSITIONS)

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

Note:

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

2. UNDERLYING SHARES IN THE COMPANY (SHARE OPTIONS)

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

Save as disclosed above, as at 31 March 2017, none of the Directors, chief executives, nor their associates, had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' REPORT (CONTINUED)

SHARE OPTIONS

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

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

During the year ended 31 March 2017 and as at the date of this report, there was no share in respect of which share options had been granted and remained outstanding under the Old Share Option Scheme and the 2004 Share Option Scheme. No further share options can be granted upon termination of the Old Share Option Scheme and the 2004 Share Option Scheme.

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

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

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

DIRECTORS' REPORT (CONTINUED)

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

As at 31 March 2017, the following parties (other than those disclosed under the headings "Directors' and Chief Executives' Interests in Shares, Underlying Shares and Debentures" and "Share Options" above) were recorded in the register required to be kept by the Company under Section 336 of the SFO as being directly or indirectly interested in 5% or more of the issued share capital of the Company which is so far as known to any Director or chief executive of the Company:

Name	Number of ordinary shares held	Percentage of the issued share capital of the Company
Substantial Shareholders		
United Vision International Limited *(Note i)*	144,833,828	55.12%
Marshvale Investments Limited *(Note i)*	144,833,828	55.12%
HSBC International Trustee Limited *(Notes i & ii)*	144,833,828	55.12%
Ku Ling Wah, Phyllis *(Note i, ii & iii)*	144,833,828	55.12%
Other Persons		
FMR LLC *(Note iv)*	26,277,000	9.99%
Webb David Michael *(Notes v & vi)*	26,132,000	9.94%
Fidelity Puritan Trust *(Note vii)*	21,297,000	8.10%
Preferable Situation Assets Limited *(Note vi)*	18,346,000	6.98%

Notes:

(i) As at 31 March 2017, United Vision International Limited ("UVI") is wholly-owned by Marshvale Investments Limited ("Marshvale"). By virtue of UVI's interests in the Company, Marshvale is deemed to be interested in 144,833,828 shares of the Company under the SFO. Marshvale is wholly-owned by HSBC International Trustee Limited ("HSBC Trustee"). By virtue of Marshvale's indirect interests in the Company, HSBC Trustee is deemed to be interested in 144,833,828 shares of the Company under the SFO. Mr. Ku Ngai Yung, Otis and Mr. Ku Ka Yung are directors of UVI.

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

(iii) Ms. Ku Ling Wah, Phyllis (sister of Mr. Ku Ngai Yung, Otis and Mr. Ku Ka Yung) is one of the discretionary objects of The Vision Trust, the discretionary trust settled by Mr. Ku Ngai Yung, Otis and Mr. Ku Ka Yung mentioned above. As at 31 March 2017, The Vision Trust ultimately and wholly owned UVI, which held 144,833,828 shares of the Company.

DIRECTORS' REPORT (CONTINUED)

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

(v) According to an individual substantial shareholder notice filed by David Michael Webb on 15 January 2016, as at 11 January 2016 (i.e. the date of the relevant event as set out in the individual substantial shareholder notice filed on 15 January 2016), of the 26,132,000 shares of the Company held by David Michael Webb, 7,480,000 shares of the Company were held directly by him, while 18,652,000 shares of the Company were held through his wholly owned company, Preferable Situation Assets Limited. By virtue of Preferable Situation Assets Limited's interest in the Company, David Michael Webb is deemed to be interested in the same 18,652,000 shares of the Company held by Preferable Situation Assets Limited under the SFO. (Please also see note vi below).

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

(vii) According to a corporate substantial shareholder notice filed by Fidelity Puritan Trust on 3 March 2017, as at 27 February 2017 (i.e. the date of the relevant event as set out in the corporate substantial shareholder notice filed on 3 March 2017), 21,297.000 shares of the Company were held directly by Fidelity Puritan Trust.

All the interests stated above represent long position. Save as disclosed above, as at 31 March 2017, no other person had an interest or short position in the shares and underlying shares of the Company which were recorded in the register required to be kept under Section 336 of the SFO or was otherwise a substantial shareholder of the Company.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

EMOLUMENT POLICY

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

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

The Company has adopted share option schemes as an incentive to Directors and eligible employees, details of the schemes are set out in note 23 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

DIRECTORS' REPORT (CONTINUED)

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 March 2017.

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

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

EQUITY-LINKED AGREEMENT

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

PERMITTED INDEMNITY PROVISION

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

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

CORPORATE GOVERNANCE

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

AUDITOR

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

On behalf of the Board
Ku Ngai Yung, Otis
Chairman

Hong Kong, 23 June 2017

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

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

OPINION

We have audited the consolidated financial statements of Sun Hing Vision Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 38 to 82, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS

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

Key audit matters	How our audit addressed the key audit matters
Valuation of Trade Receivables	
We identified the valuation of trade receivables as a key audit matter due to the significance of the balance to the consolidated statement of financial position as a whole and the management judgement involved in the valuation. As disclosed in notes 4 and 18 to the consolidated financial statements, the trade receivables carried at HK$279,629,000 as at 31 March 2017 (net of allowance for doubtful debts of HK$7,629,000), which represents approximately 25.19% of the Group's total assets. Impairment loss of HK$4,240,000 was recognised in profit or loss during the year ended 31 March 2017. As disclosed in note 4 to the consolidated financial statements, the management considers the historical settlement records, subsequent settlement, business relationship, and aging analysis of trade receivables in determining the allowance for doubtful debts.	Our procedures in relation to the valuation of trade receivables included: • Obtaining an understanding of how allowance for trade receivables is estimated by the management; • Understanding and testing the key controls relating to the preparation of aging analysis of trade receivables; • Testing the accuracy of aging of the trade receivables to the invoices and good delivery notes on a sample basis; • Checking subsequent settlement of the trade receivables to the supporting documents, on a sample basis; and • Evaluating the reasonableness of allowance of trade receivables estimated by management.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS (CONTINUED)

Key audit matters

Valuation of Inventories

We identified the valuation of inventories as a key audit matter due to the significance of the balances to the consolidated statement of financial position as a whole and the management judgement involved in the valuation.

As disclosed in notes 4 and 17 to the consolidated financial statements, the inventories carried at HK$111,465,000 (net of allowance of HK$122,549,000), which represents approximately 10.04% of the Group's total assets. Allowance of HK$17,499,000 was recognised in profit or loss during the year ended 31 March 2017.

As disclosed in note 4 to the consolidated financial statements, the management identifies aged inventories with reference to aging analysis and determines the net realisable value of inventories by considering the saleability of inventories based on current market demand and future sales plan.

How our audit addressed the key audit matters

Our procedures in relation to valuation of inventories included:

- Obtaining an understanding of how allowance for inventories is estimated by the management;
- Understanding and testing the key controls relating to the preparation of aging analysis of inventories;
- Testing the accuracy of the aging analysis to the inventories supporting documents, on a sample basis;
- Tracing a selection of inventories with subsequent sales to the sales invoices;
- Tracing a selection of raw materials and work in progress with subsequent consumption to the inventories consumption report;
- Discussing with the management and evaluating the basis of aged inventories identified by management based on the aging analysis, current market demand and future sales plan; and
- Evaluating the reasonableness of allowance of inventories estimated by the management.

OTHER INFORMATION

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

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

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

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

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

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
23 June 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	NOTES	2017 HK$'000	2016 HK$'000
Revenue	5	**1,067,448**	1,077,641
Cost of sales		**(799,602)**	(843,705)
Gross profit		**267,846**	233,936
Other income, gains and losses	6	**(6,089)**	(3,064)
Selling and distribution costs		**(34,710)**	(28,490)
Administrative expenses		**(140,359)**	(138,966)
Profit before tax		**86,688**	63,416
Income tax expense	7	**(16,145)**	(8,851)
Profit for the year	8	**70,543**	54,565
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(2,921)**	(1,928)
Total comprehensive income for the year		**67,622**	52,637
Profit (loss) for the year attributable to:			
Owners of the Company		**70,903**	55,440
Non-controlling interests		**(360)**	(875)
		70,543	54,565
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**68,051**	53,546
Non-controlling interests		**(429)**	(909)
		67,622	52,637
Earnings per share	12		
Basic		**HK27 cents**	HK21 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	NOTES	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**269,182**	293,586
Prepaid lease payments	14	**3,132**	3,223
Investment properties	15	**6,898**	–
Deposit paid for acquisition of property, plant and equipment		**1,935**	2,393
Deferred tax assets	16	**1,245**	555
		282,392	299,757
CURRENT ASSETS			
Inventories	17	**111,465**	132,569
Trade and other receivables	18	**289,322**	331,933
Prepaid lease payments	14	**91**	91
Derivative financial instruments	19	**4**	194
Tax recoverable		**11**	75
Bank balances and cash	20	**426,916**	360,585
		827,809	825,447
CURRENT LIABILITIES			
Trade and other payables	21	**168,305**	189,693
Tax payable		**9,072**	9,863
		177,377	199,556
NET CURRENT ASSETS		**650,432**	625,891
		932,824	925,648

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	NOTES	2017 HK$'000	2016 HK$'000
CAPITAL AND RESERVES			
Share capital	22	**26,278**	26,278
Share premium and reserves		**906,096**	898,484
Equity attributable to owners of the Company		**932,374**	924,762
Non-controlling interests		**(226)**	203
		932,148	924,965
NON-CURRENT LIABILITY			
Deferred tax liabilities	16	**676**	683
		932,824	925,648

The consolidated financial statements on pages 38 to 82 were approved and authorised for issue by the Board of Directors on 23 June 2017 and are signed on its behalf by:

Ku Ngai Yung, Otis
DIRECTOR

Ku Ka Yung
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Attributable to owners of the Company							
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000 *(Note)*	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2015	26,278	78,945	18,644	(38)	811,767	935,596	1,112	936,708
Profit (loss) for the year	–	–	–	–	55,440	55,440	(875)	54,565
Exchange difference arising on translation of foreign operations	–	–	–	(1,894)	–	(1,894)	(34)	(1,928)
Total comprehensive income (expense) for the year	–	–	–	(1,894)	55,440	53,546	(909)	52,637
Dividends recognised as distribution *(note 11)*	–	–	–	–	(64,380)	(64,380)	–	(64,380)
At 31 March 2016	26,278	78,945	18,644	(1,932)	802,827	924,762	203	924,965
Profit (loss) for the year	**–**	**–**	**–**	**–**	**70,903**	**70,903**	**(360)**	**70,543**
Exchange difference arising on translation of foreign operations	**–**	**–**	**–**	**(2,852)**	**–**	**(2,852)**	**(69)**	**(2,921)**
Total comprehensive income (expense) for the year	**–**	**–**	**–**	**(2,852)**	**70,903**	**68,051**	**(429)**	**67,622**
Dividends recognised as distribution *(note 11)*	**–**	**–**	**–**	**–**	**(60,439)**	**(60,439)**	**–**	**(60,439)**
At 31 March 2017	**26,278**	**78,945**	**18,644**	**(4,784)**	**813,291**	**932,374**	**(226)**	**932,148**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	2017 HK$'000	2016 HK$'000
OPERATING ACTIVITIES		
Profit before tax	**86,688**	63,416
Adjustments for:		
Allowance for inventories	**17,499**	17,967
Bank interest income	**(2,190)**	(1,498)
Depreciation of property, plant and equipment	**51,175**	49,440
Depreciation of investment properties	**71**	–
Fair value changes on derivative financial instruments	**190**	500
Loss on disposals of property, plant and equipment	**255**	139
Impairment losses recognised on trade receivables	**4,240**	551
Impairment losses reversed on trade receivables	**–**	(101)
Bad debts directly written off	**159**	–
Recovery of bad debts written off	**–**	(90)
Release of prepaid lease payments	**91**	91
Operating cash flows before movements in working capital	**158,178**	130,415
Decrease in inventories	**2,927**	1,945
Decrease (increase) in trade and other receivables	**37,519**	(7,721)
(Decrease) increase in trade and other payables	**(21,035)**	951
Cash generated from operations	**177,589**	125,590
Income tax paid	**(17,501)**	(11,454)
NET CASH FROM OPERATING ACTIVITIES	**160,088**	114,136
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(33,129)**	(68,117)
Deposit paid for acquisition of property, plant and equipment	**(1,878)**	(1,473)
Interest received	**2,190**	1,498
Proceeds on disposals of property, plant and equipment	**87**	154
NET CASH USED IN INVESTING ACTIVITIES	**(32,730)**	(67,938)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	2017 HK$'000	2016 HK$'000
CASH USED IN A FINANCING ACTIVITY		
Dividends paid	**(60,439)**	(64,380)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**66,919**	(18,182)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**360,585**	379,142
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(588)**	(375)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**426,916**	360,585

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

1. GENERAL

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

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 31.

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

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

AMENDMENTS TO HKFRSs THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

NEW AND AMENDMENTS TO HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2017.
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

HKFRS 9 *FINANCIAL INSTRUMENTS*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

HKFRS 9 *FINANCIAL INSTRUMENTS* (CONTINUED)

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39 *Financial Instruments: Recognition and Measurement*, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future is not expected to have material impact on the consolidated financial statements.

HKFRS 15 *REVENUE FROM CONTRACTS WITH CUSTOMERS*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

HKFRS 15 *REVENUE FROM CONTRACTS WITH CUSTOMERS* (CONTINUED)

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the directors of the Company performs a detailed review. In addition, the application of HKFRS 15 in the future may result in more disclosures in the consolidated financial statement.

HKFRS 16 *LEASES*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

HKFRS 16 *LEASES* (CONTINUED)

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2017, the Group has non-cancellable operating lease commitments of HK$49,017,000 as disclosed in note 26. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

Other than disclosed above, the directors of the Company do not anticipate that the application of these new or amendments to HKFRSs will have material effect on the amounts recognised in the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

The principal accounting policies are set out below.

BASIS OF CONSOLIDATION

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION

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

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

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

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

The Group's accounting policy for recognition of revenue from operating lease is described in the accounting policy for leasing below.

PROPERTY, PLANT AND EQUIPMENT

Leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENT PROPERTIES

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

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

LEASING

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

The Group as lessor

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

The Group as lessee

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

Leasehold land and building

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FOREIGN CURRENCIES

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

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

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

RETIREMENT BENEFIT COSTS

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

TAXATION

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

TAXATION (CONTINUED)

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

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

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

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

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

IMPAIRMENT LOSSES ON TANGIBLE ASSETS

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation increase under that standard.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVENTORIES

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

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction cost directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified as loans and receivables and financial assets at fair value through profit or loss ("FVTPL"). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (continued)

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising from remeasurement recognised in profit or loss. Fair value is determined in the manner described in note 25.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of loans and receivables below).

Impairment of loans and receivables

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

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of loans and receivables, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of trade receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period of 30 to 120 days, observable changes in national or local economic conditions that correlate with default on trade receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (continued)

Impairment of loans and receivables (continued)

An impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the loans and receivables' original effective interest rate.

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

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

Financial liabilities and equity instruments

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

Equity instruments

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

Effective interest method

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Financial liabilities and equity instruments (continued)

Financial liabilities

Financial liabilities representing trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

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

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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

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

EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

Share options granted to employees

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in share options reserve. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

When the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

VALUATION OF TRADE RECEIVABLES

The management reviews the aging analysis of trade receivables at the end of each reporting period and identifies the long-aged receivables that may not recoverable in the future. The management considers the historical settlement record, subsequent settlement, business relationship, and aging analysis of trade receivables in determining the allowance for doubtful debts. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a further impairment loss may arise.

As at 31 March 2017, the carrying amount of trade receivables is approximately HK$279,629,000 (2016: HK$316,245,000), net of allowance for doubtful debts of HK$7,629,000 (2016: HK$3,609,000).

VALUATION OF INVENTORIES

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

As at 31 March 2017, the carrying amount of inventories is approximately HK$111,465,000 (2016: HK$132,569,000), net of allowance of HK$122,549,000 (2016: HK$116,356,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. SEGMENT INFORMATION

Whilst the chief operating decision maker, the Company's executive directors, regularly review revenue by geographical location of customers, information about profit or loss by geographical location of customers is not separately provided to the executive directors for their review. Financial information reported to the executive directors for the purposes of resource allocation and performance assessment is aggregated and focuses on the consolidated gross profit analysis of the business of manufacturing and trading of eyewear products of the Group as a whole.

As a result, there is only one operating segment for the Group, which is manufacturing and trading of eyewear products. Financial information regarding this segment can be made by reference to the consolidated statement of profit or loss and other comprehensive income.

The Group's revenue is arising from manufacturing and sales of eyewear products.

GEOGRAPHICAL INFORMATION

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

	Non-current assets	
	2017	2016
	HK$'000	HK$'000
Places of domicile of the relevant group entity:		
– Hong Kong	**8,150**	9,526
– Guangdong Province in the PRC	**212,304**	224,875
Other place:		
– Guangdong Province in the PRC	**60,693**	64,801
	281,147	299,202

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. SEGMENT INFORMATION (CONTINUED)

GEOGRAPHICAL INFORMATION (CONTINUED)

	Revenue from external customers	
	2017	2016
	HK$'000	HK$'000
Place of domicile of the relevant group entity:		
– Hong Kong	**36,112**	48,557
– The PRC	**61,550**	53,653
Other places:		
– Italy	**450,598**	511,612
– United States	**322,256**	311,685
– Other countries	**196,932**	152,134
	1,067,448	1,077,641

INFORMATION ABOUT MAJOR CUSTOMERS

For the year ended 31 March 2017, each of the four largest customers of the Group contributed more than 10% of the Group's revenue. Revenue attributed from these four customers was approximately HK$267,875,000, HK$247,575,000, HK$128,059,000 and HK$130,196,000 respectively.

For the year ended 31 March 2016, each of the three largest customers of the Group contributed more than 10% of the Group's revenue. Revenue attributed from these three customers was approximately HK$293,342,000, HK$217,307,000 and HK$157,064,000 respectively.

6. OTHER INCOME, GAINS AND LOSSES

	2017	2016
	HK$'000	HK$'000
Bank interest income	**2,190**	1,498
Impairment losses recognised on trade receivables	**(4,240)**	(551)
Impairment losses reversed on trade receivables	**–**	101
Bad debts directly written off	**(159)**	–
Recovery of bad debts written off	**–**	90
Rental income	**297**	–
Net foreign exchange losses	**(4,161)**	(3,631)
Loss on disposals of property, plant and equipment	**(255)**	(139)
Fair value changes on derivative financial instruments	**(190)**	(500)
Others	**429**	68
	(6,089)	(3,064)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. INCOME TAX EXPENSE

	2017 HK$'000	2016 HK$'000
The charge comprises:		
Current tax		
– Hong Kong Profits Tax	**15,870**	10,623
– PRC Enterprise Income Tax ("EIT")	**3,809**	5,353
	19,679	15,976
Overprovision in respect of prior years		
– Hong Kong Profits Tax	**(153)**	(2,000)
– PRC EIT	**(2,684)**	(5,098)
	(2,837)	(7,098)
Deferred taxation *(note 16)*		
– Current year	**(697)**	(27)
	16,145	8,851

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. INCOME TAX EXPENSE (CONTINUED)

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

	2017 HK$'000	2016 HK$'000
Profit before tax	**86,688**	63,416
Tax at the Hong Kong Profits Tax rate of 16.5%	**14,304**	10,464
Tax effect of expenses not deductible in determining taxable profit	**7,983**	9,375
Tax effect of income not assessable in determining taxable profit	**(1,476)**	(1,389)
Overprovision in respect of prior years	**(2,837)**	(7,098)
Tax effect of Hong Kong Profits Tax on 50: 50 apportionment basis	**(4,727)**	(5,345)
Tax effect of tax losses not recognised	**1,798**	1,255
Utilisation of tax loss previously not recognised	**–**	(210)
Effect of different tax rates of operations in the PRC	**1,100**	1,799
Income tax expense for the year	**16,145**	8,851

Details of the deferred taxation are set out in note 16.

8. PROFIT FOR THE YEAR

	2017 HK$'000	2016 HK$'000
Profit for the year has been arrived at after charging:		
Auditor's remuneration – audit services	**1,338**	1,320
Cost of inventories recognised as expense (inclusive of allowance for inventories of approximately HK$17,499,000 (2016: HK$17,967,000))	**781,421**	826,254
Depreciation of property, plant and equipment	**51,175**	49,440
Depreciation of investment properties	**71**	–
Release of prepaid lease payments	**91**	91
Staff costs		
– directors' emoluments *(note 9)*	**4,856**	5,761
– other staff costs, comprising mainly salaries	**382,053**	398,641
– retirement benefit scheme contribution excluding those of directors'	**33,688**	34,844
	420,597	439,246

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the eight (2016: eight) directors, being the senior management of the Group, were as follows:

	Year ended 31 March 2017			
	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefit scheme contribution HK$'000	Total HK$'000
Executive directors				
Ku Ngai Yung, Otis	750	208	25	983
Ku Ka Yung	518	438	18	974
Tsang Wing Leung, Jimson *(Note)*	–	126	7	133
Chan Chi Sun	760	294	43	1,097
Ma Sau Ching	918	342	49	1,309
	2,946	1,408	142	4,496
Independent non-executive directors				
Lo Wa Kei, Roy	120	–	–	120
Lee Kwong Yiu	120	–	–	120
Wong Che Man, Eddy	120	–	–	120
	360	–	–	360
	3,306	1,408	142	4,856

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

	Year ended 31 March 2016			
	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefit scheme contribution HK$'000	Total HK$'000
Executive directors				
Ku Ngai Yung, Otis	800	208	25	1,033
Ku Ka Yung	568	438	18	1,024
Tsang Wing Leung, Jimson	682	294	38	1,014
Chan Chi Sun	751	294	42	1,087
Ma Sau Ching	853	342	48	1,243
	3,654	1,576	171	5,401
Independent non-executive directors				
Lo Wa Kei, Roy	120	–	–	120
Lee Kwong Yiu	120	–	–	120
Wong Che Man, Eddy	120	–	–	120
	360	–	–	360
	4,014	1,576	171	5,761

Note: Mr. Tsang Wing Leung, Jimson resigned as executive director of the Company on 1 June 2016.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals of the Group during the year included four (2016: four) directors of the Company whose emoluments are set out in note 9. The emoluments of the remaining one (2016: one) individual was as follows:

	2017 HK$'000	2016 HK$'000
Salaries and other benefits	**1,139**	1,050
Retirement benefit scheme contribution	**43**	42
	1,182	1,092

The number of the highest paid individuals who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	2017 Number of employees	2016 Number of employees
HK$1,000,001 to HK$1,500,000	**1**	1

During the years ended 31 March 2017 and 2016, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

11. DIVIDENDS

	2017 HK$'000	2016 HK$'000
Dividends recognised as distribution during the year:		
Final, paid – HK10.0 cents per share for 2016 (2016: HK10.0 cents per share for 2015)	**26,278**	26,278
Special final, paid – HK7.0 cents per share for 2016 (2016: HK9.0 cents per share for 2015)	**18,394**	23,650
Interim, paid – HK4.5 cents per share for 2017 (2016: HK4.5 cents per share for 2016)	**11,825**	11,825
Special interim, paid – HK1.5 cent per share for 2017 (2016: HK1.0 cents per share for 2016)	**3,942**	2,627
	60,439	64,380

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. DIVIDENDS (CONTINUED)

A final dividend of HK10.0 cents (2016: HK10.0 cents) per share in total of HK$26,278,000 (2016: HK$26,278,000) and a special final dividend of HK9.0 cents (2016: HK7.0 cents) per share in total of HK$23,650,000 (2016: HK$18,394,000) in respect of the year ended 31 March 2017 have been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

12. EARNINGS PER SHARE

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

	2017	2016
	HK$'000	HK$'000
Earnings		
Earnings for the purposes of basic earnings per share	**70,903**	55,440
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 2017 and 2016 as there was no potential ordinary share outstanding during both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings in Hong Kong HK$'000	Leasehold land and buildings in the PRC HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST								
At 1 April 2015	8,043	93,700	212,484	425,013	133,284	9,466	13,977	895,967
Exchange adjustments	–	(257)	(6)	–	(59)	–	–	(322)
Additions	–	23,038	17,515	18,070	7,893	700	1,857	69,073
Transfer	–	–	12,806	80	–	–	(12,886)	–
Disposal/written off	–	–	–	(1,108)	(16)	(414)	–	(1,538)
At 31 March 2016	8,043	116,481	242,799	442,055	141,102	9,752	2,948	963,180
Exchange adjustments	–	(1,326)	(8)	(2)	(92)	–	–	(1,428)
Additions	–	–	7,851	18,761	5,327	307	3,219	35,465
Transfer	–	–	1,527	–	–	–	(1,527)	–
Transfer to investment properties	–	(7,094)	–	–	–	–	–	(7,094)
Disposal/written off	–	–	–	(866)	(55)	–	–	(921)
At 31 March 2017	8,043	108,061	252,169	459,948	146,282	10,059	4,640	989,202
DEPRECIATION								
At 1 April 2015	2,802	21,000	154,675	320,245	115,460	7,238	–	621,420
Exchange adjustments	–	–	(1)	–	(20)	–	–	(21)
Provided for the year	161	1,987	17,215	22,052	7,059	966	–	49,440
Eliminated on disposals/write-off	–	–	–	(815)	(16)	(414)	–	(1,245)
At 31 March 2016	2,963	22,987	171,889	341,482	122,483	7,790	–	669,594
Exchange adjustments	–	(14)	(4)	–	(46)	–	–	(64)
Provided for the year	160	2,240	19,307	21,910	6,698	860	–	51,175
Eliminated on transfer to investment properties	–	(106)	–	–	–	–	–	(106)
Eliminated on disposals/write-off	–	–	–	(529)	(50)	–	–	(579)
At 31 March 2017	3,123	25,107	191,192	362,863	129,085	8,650	–	720,020
CARRYING VALUES								
At 31 March 2017	4,920	82,954	60,977	97,085	17,197	1,409	4,640	269,182
At 31 March 2016	5,080	93,494	70,910	100,573	18,619	1,962	2,948	293,586

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

14. PREPAID LEASE PAYMENTS

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

	2017	2016
	HK$'000	HK$'000
Non-current asset	**3,132**	3,223
Current asset	**91**	91
	3,223	3,314

15. INVESTMENT PROPERTIES

	HK$'000
COST	
At 1 April 2015 and 31 March 2016	–
Transferred from property, plant and equipment	7,094
Exchange adjustments	(19)
At 31 March 2017	7,075
DEPRECIATION	
At 1 April 2015 and 31 March 2016	–
Transferred from property, plant and equipment	106
Provided for the year	71
At 31 March 2017	177
CARRYING VALUES	
At 31 March 2017	6,898
At 31 March 2016	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. INVESTMENT PROPERTIES (CONTINUED)

The fair value of the Group's investment properties at 31 March 2017 was approximately HK$7,525,000 (2016: nil). The fair value has been arrived at on the basis of a valuation carried out on the respective dates by BMI Appraisals Limited, an independent qualified professional valuer not connected with the Group. BMI Appraisals Limited is a member of the Hong Kong Institute of Surveyors and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The fair value of the investment properties was determined based on the investment approach. The investment approach capitalises the current rent passing or the hypothetical rent of property being held under existing tenancy and the reversionary potential of the tenancy if it has been or would be let to tenant.

Significant unobservable inputs used in valuing the investment properties in PRC included the estimated unit rate per square meter ("sq.m.") and per month, and the yield generated from the average rental from comparable properties. The unit rate and the capitalisation rate adopted were ranged from Renminbi ("RMB") 198/sq.m./month to RMB205/sq.m./month (2016: nil), and 4.5% (2016: nil) respectively.

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

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

16. DEFERRED TAXATION

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

	2017	2016
	HK$'000	HK$'000
Deferred tax assets	**(1,245)**	(555)
Deferred tax liabilities	**676**	683
	(569)	128

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. DEFERRED TAXATION (CONTINUED)

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

	Accelerated tax depreciation	Impairment losses	Total
	HK$'000	HK$'000	HK$'000
At 1 April 2015	155	–	155
Credit to profit or loss	(27)	–	(27)
At 31 March 2016	128	–	128
Credit to profit or loss	(37)	(660)	(697)
At 31 March 2017	91	(660)	(569)

At 31 March 2017, the Group has unused tax losses of HK$27,674,000 (2016: HK$16,779,000) available to offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. The Hong Kong tax losses of HK$1,927,000 (2016: HK$1,883,000) may be carried forward indefinitely. At 31 March 2017, the remaining PRC tax losses of HK$25,747,000 (2016: HK$14,896,000) will expire in various dates in the next five years.

Under the EIT Law of the PRC, 10% withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards to non-PRC resident investors of the companies established in the PRC. For investors incorporated in Hong Kong, a preferential rate of 5% will be applied. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to such undistributed profits of the PRC subsidiaries amounting to approximately HK$19,018,000 (2016: HK$29,938,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

17. INVENTORIES

	2017	2016
	HK$'000	HK$'000
Raw materials	**42,056**	45,328
Work in progress	**56,146**	63,663
Finished goods	**13,263**	23,578
	111,465	132,569

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. TRADE AND OTHER RECEIVABLES

The Group allows a credit period of 30 to 120 days to its customers. The following is an aged analysis of trade receivables based on payment due date net of allowance for doubtful debt at the end of the reporting period:

	2017 HK$'000	2016 HK$'000
Trade receivables		
Current	**266,362**	294,799
Overdue up to 90 days	**11,712**	15,349
Overdue more than 90 days	**1,555**	6,097
	279,629	316,245
Prepayments	**3,568**	9,979
Deposits	**3,438**	3,355
Other receivables	**2,176**	1,645
Amount due from an entity controlled by non-controlling shareholder of a subsidiary *(Note)*	**367**	637
Amount due from a non-controlling shareholder of a subsidiary *(Note)*	**144**	72
Trade and other receivables	**289,322**	331,933

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

No interest is charged on the trade receivables. Trade receivables are provided for based on assessment by the management of the estimated future cash flows with reference to historical settlement record, subsequent settlement, business relationship, and aging analysis of trade receivables. The Group has provided fully for all receivables aged over 360 days because historical experience is such that receivables that are past due beyond 360 days are generally not recoverable. Furthermore, the Group would directly write off receivables when the customers are having significant financial difficulties on repayment of the outstanding balances.

Before accepting any new customers, the Group carries out research on the creditability of new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed at least once a year.

Included in the Group's trade receivables balance are receivables with a carrying amount of HK$13,267,000 (2016: HK$21,446,000) which are past due at the reporting date for which the Group has not provided for impairment loss, as there has not been a significant change in credit quality and the amounts are still considered recoverable based on the historical experience. The Group does not hold any collateral over these balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movement in the allowance for doubtful debts

	2017 HK$'000	2016 HK$'000
At beginning of the year	**3,609**	3,344
Impairment losses recognised on trade receivables	**4,240**	551
Amount recovered during the year	**–**	(101)
Exchange adjustments	**(220)**	(185)
At end of the year	**7,629**	3,609

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

19. DERIVATIVE FINANCIAL INSTRUMENTS

The derivative financial instruments mainly represent the foreign currency forward contracts. The Group has entered into 1 (2016: 2) United States dollars ("USD")/RMB contracts in which the Group is able to sell USD/buy RMB at fixed exchange rates at a fixed future time. Major terms of the above foreign currency contracts are as below:

Aggregate notional amount	Maturity	Forward exchange rates
As at 31 March 2017		
US$1,000,000	**April 2017**	**Sell USD/buy RMB at 6.887**
As at 31 March 2016		
US$1,480,000	April 2016	Sell USD/buy RMB at 6.5183 to 6.7153

20. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits that are interest-bearing at market interest rates ranging from 0.01% to 1.61% (2016: 0.01% to 0.79%) per annum and have maturity of three months or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. 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:

	2017 HK$'000	2016 HK$'000
Trade payables		
Current and overdue up to 90 days	79,229	97,983
Overdue more than 90 days	14,434	9,015
	93,663	106,998
Accruals	65,590	68,002
Amounts due to entities controlled by non-controlling interests of a subsidiary *(Note)*	239	397
Other payables	8,813	14,296
	168,305	189,693

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

22. SHARE CAPITAL

	Number of ordinary shares	Nominal amount HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 April 2015, 31 March 2016 and 31 March 2017	500,000,000	50,000
Issued and fully paid:		
At 1 April 2015, 31 March 2016 and 31 March 2017	262,778,286	26,278

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. SHARE OPTIONS

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

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

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

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

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

24. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital, share premium, reserves and retained profits.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS

25A. CATEGORIES OF FINANCIAL INSTRUMENTS

	2017 HK$'000	2016 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**711,594**	680,948
FVTPL		
Derivative financial instruments	**4**	194
Financial liabilities		
Amortised cost	**103,413**	121,691

25B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Market risk

(i) Currency risk

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

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

	Assets		Liabilities	
	2017 HK$'000	2016 HK$'000	2017 HK$'000	2016 HK$'000
USD	**606,542**	581,596	**22,047**	27,098
RMB	**47,373**	47,570	**46,591**	45,038
EUR	**942**	661	**2,034**	2,585
JPY	**66**	84	**1,477**	1,123

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONTINUED)

25B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis

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

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

	2017 **HK$'000**	2016 HK$'000
RMB impact	**(33)**	(106)
EUR impact	**46**	80
JPY impact	**59**	43

(ii) Interest rate risk

The directors of the Company consider the Group's exposure of the bank balances to interest rate risk is insignificant as interest bearing bank balances are within short maturity period. Besides, as the fluctuation of market interest rate is not expected to be significant, no sensitivity analysis is prepared.

Credit risk

As at 31 March 2017, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is represented by the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to its trade and other receivables, derivative financial instruments and bank balances.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONTINUED)

25B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

The credit risks on derivative financial instruments and liquid funds are limited because the counterparties are banks with good reputation.

The Group has concentration of credit risks with exposure limited to certain counterparties and customers. At the end of reporting period, the Group's five largest customers accounted for HK$232,094,000 (2016: HK$245,332,000) of the Group's trade receivables. Apart from delegating a team for determining the credit limits, credit approval and other monitoring procedures on customers, the Group had also explored new markets and new customers in order to minimise the concentration of credit risk.

Liquidity risk

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

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

Liquidity table

	On demand or 1–30 days HK$'000	31–90 days HK$'000	91–365 days HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.3.2017 HK$'000
2017					
Non-derivative financial instruments					
Trade and other payables	**84,117**	**4,646**	**14,650**	**103,413**	**103,413**

	On demand or 1–30 days HK$'000	31–90 days HK$'000	91–365 days HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.3.2016 HK$'000
2016					
Non-derivative financial instruments					
Trade and other payables	93,871	18,553	9,267	121,691	121,691

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. FINANCIAL INSTRUMENTS (CONTINUED)

25C. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

Financial assets/ financial liabilities	Fair value as at 31.3.2017	Fair value as at 31.3.2016	Fair value hierarchy	Valuation techniques and key inputs
Derivative financial instruments *(note 19)*	Assets – HK$4,000	Assets – HK$194,000	Level 2	Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates

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

Except the above financial instruments that are measured at fair value on a recurring basis, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values at the end of the reporting period.

26. OPERATING LEASES

THE GROUP AS A LEASE

The Group made minimum lease payments of approximately HK$13,999,000 (2016: HK$13,924,000) under operating leases during the year in respect of premises.

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

	2017	2016
	HK$'000	HK$'000
Within one year	**16,280**	14,039
In the second to fifth year inclusive	**24,987**	14,373
Over five years	**7,750**	938
	49,017	29,350

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. OPERATING LEASES (CONTINUED)

THE GROUP AS A LESSOR

Property rental income earned during the year was approximately HK$297,000 (2016: nil), net of negligible outgoings.

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

	2017 HK$'000	2016 HK$'000
Within one year	**78**	–

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

27. CAPITAL AND OTHER COMMITMENTS

	2017 HK$'000	2016 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– Acquisition of plant and machinery	**4,743**	2,119
– Factory under construction or renovation	**3,593**	5,502
	8,336	7,621
Commitments contracted for but not provided in the consolidated financial statements in respect of license fee for brandnames:		
Within one year	**9,408**	9,025
In the second to fifth year inclusive	**8,511**	13,536
	17,919	22,561
	26,255	30,182

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. RETIREMENT BENEFITS SCHEME

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

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

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

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

The total cost charged to profit or loss of HK$33,830,000 (2016: HK$35,015,000) represents contributions paid and payable to these schemes by the Group in respect of the current financial year.

29. RELATED PARTY TRANSACTIONS

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

Relationship with related parties	Nature of transaction	2017 HK$'000	2016 HK$'000
An entity controlled by a non-controlling shareholder of a subsidiary	Management fees	**80**	234

COMPENSATION OF KEY MANAGEMENT PERSONNEL

Key management personnel of the Group comprised of directors. The compensation of directors of the Company for both years are set out in note 9.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. SUMMARISED FINANCIAL INFORMATION OF THE COMPANY

	Note	2017 HK$'000	2016 HK$'000
Investment in a subsidiary		**111,968**	111,968
Amounts due from subsidiaries		**283,057**	240,476
Other assets		**4,544**	58,995
Amounts due to subsidiaries		**(161,837)**	(157,894)
Other liabilities		**(390)**	(401)
		237,342	253,144
Share capital		**26,278**	26,278
Share premium and reserve	*(i)*	**211,064**	226,866
		237,342	253,144

Note:

(i) Share premium and reserve

	Share premium HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2015	78,945	157,736	236,681
Profit for the year	–	54,565	54,565
Dividends recognised as distribution *(note 11)*	–	(64,380)	(64,380)
At 31 March 2016	78,945	147,921	226,866
Profit for the year	–	44,637	44,637
Dividends recognised as distribution *(note 11)*	–	(60,439)	(60,439)
At 31 March 2017	78,945	132,119	211,064

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries of the Company at 31 March 2017 and 2016 are as follows:

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company 2017	2016	Principal activities
Sun Hing Optical International Group Limited *(Note a)*	The BVI	HK$106	**100%**	100%	Investment holding
101 (Hong Kong) Limited	Hong Kong	HK$4	**100%**	100%	Sales of optical frames, sunglasses and related products
101 Studio Limited	Hong Kong	HK$9	**100%**	100%	Sales of optical frames, sunglasses and related products
New Prosperity Optical Manufactory Limited	The BVI/PRC	US$1	**100%**	100%	Property holding
Sun Hing Optical Manufactory Limited	Hong Kong	HK$2	**100%**	100%	Manufacturing and sales of optical frames, sunglasses and related products
Yorkshire Holdings Limited	Hong Kong	HK$10	**100%**	100%	Property holding
紫金縣新基眼鏡五金配件有限公司*(Note b)*	The PRC	HK$100,200,000	**100%**	100%	Manufacturing of optical frames, sunglasses and related products
東莞新溢眼鏡制造有限公司*(Note b)*	The PRC	US$34,000,000 (2016: US$29,000,000)	**100%**	100%	Manufacturing of optical frames, sunglasses and related products
深圳佰萊德貿易有限公司*(Note b)*	The PRC	US$3,000,000	**100%**	100%	Sales of optical frames, sunglasses and related products
廣州市窗外企業管理有限公司*(Note b)*	The PRC	RMB4,000,000	**51%**	51%	Sales of optical frames, sunglasses and related products

Notes:

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

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

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

None of the subsidiaries had issued any debt securities subsisting at 31 March 2017 or at any time during the year.

FINANCIAL SUMMARY

RESULTS

	Year ended 31 March				
	2013	2014	2015	2016	**2017**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	1,164,777	1,176,972	1,213,513	1,077,641	**1,067,448**
Profit before tax	60,808	48,434	82,997	63,416	**86,688**
Income tax expense	(7,576)	(3,743)	(16,190)	(8,851)	**(16,145)**
Profit for the year	53,232	44,691	66,807	54,565	**70,543**
Profit (loss) for the year attributable to:					
Owners of the Company	53,232	44,691	67,007	55,440	**70,903**
Non-controlling interests	–	–	(200)	(875)	**(360)**
	53,232	44,691	66,807	54,565	**70,543**

ASSETS AND LIABILITIES

	At 31 March				
	2013	2014	2015	2016	**2017**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	1,146,238	1,138,451	1,138,944	1,125,204	**1,110,201**
Total liabilities	(223,517)	(214,843)	(202,236)	(200,239)	**(178,053)**
Shareholders' equity	922,721	923,608	936,708	924,965	**932,148**
Attributable to:					
Owners of the Company	922,721	923,608	935,596	924,762	**932,374**
Non-controlling interests	–	–	1,112	203	**(226)**
	922,721	923,608	936,708	924,965	**932,148**

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

COMPANY SECRETARY

Lee Kar Lun, Clarence

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISER IN HONG KONG

King & Wood Mallesons

LEGAL ADVISER ON BERMUDA LAW

Conyers Dill & Pearman

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR

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

HONG KONG BRANCH SHARE REGISTRAR

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

PRINCIPAL BANKERS

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

WEBSITE

www.sunhingoptical.com

SUN HING VISION GROUP HOLDINGS LIMITED
新興光學集團控股有限公司
STOCK CODE 股票代號: 125
www.sunhingoptical.com