SUN HING VISION GROUP HOLDINGS LIMITED

ANNUAL REPORT

2021 / 22

SUN HING VISION GROUP HOLDINGS LIMITED 新興光學集團控股有限公司 Stock Code 股份代號：125

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ABOUT SUN HING

As one of the worldwide leaders for premium ODM eyewear, Sun Hing proudly stands behind its decades of experience within the industry. Our custom approach to design and development spurs our passion for innovation. We have created distinctive and unique solutions and products for some of the most prominent fashion brands, including Levi's, New Balance, agnès b. and Jill Stuart. Each item we craft is tailored to reflect our clients' individual brand message while exciting the imagination of wearers with new styling possibilities. Building on our exclusive licensing and distribution rights with premium IPs, we possess strong market presence in the Asian region in addition to well-established global networks.


Elina


JILLSTUART JS10057 C01A
JILLSTUART

STYLE WITH SUBSTANCE

Sun Hing's advantage over its competitors is our drive to stay ahead of the curve. Rather than following the trends of the day, we dare to inspire the next wave of fashion. Our team scours the world for fresh perspectives that evolve the possibilities of premium eyewear. Through frequent experimentation with new technologies, materials and even colours, we strive to broaden the potential of our clients' brands and products.

INTENSELY CUSTOMER-FOCUSED

Each of our customers is a long-term relationship built upon a foundation of trust and solid results. We view every customer as a partner with which we strive for mutual success, now and in the future. As such, our customers' needs form the core of our decision-making process. We are committed to providing the best experience throughout each stage of business, from product development, production planning, manufacturing, product delivery to after-sales service.

PROFESSIONAL EXCELLENCE

We believe that continuous improvement is critical to sharpening our edge in a dynamic business environment. Sun Hing actively pursues strategic investments that can enhance the quality of our services and products. Our unwavering commitment to professionalism and excellence is a continuous cycle of improvement. By infusing our operations with the most advanced technologies and creative management ideologies, we deliver superior results to our customers.

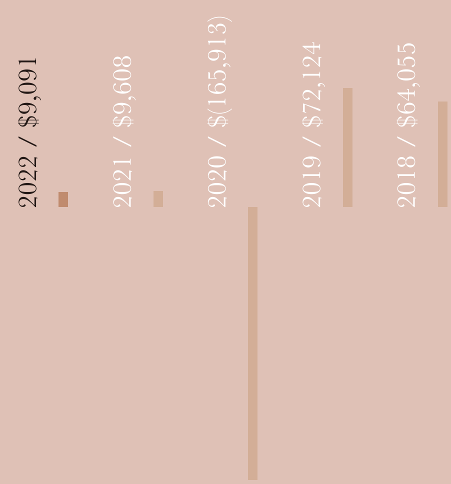
FINANCIAL HIGHLIGHTS

Revenue

(HK$'000) for year ended 31 March

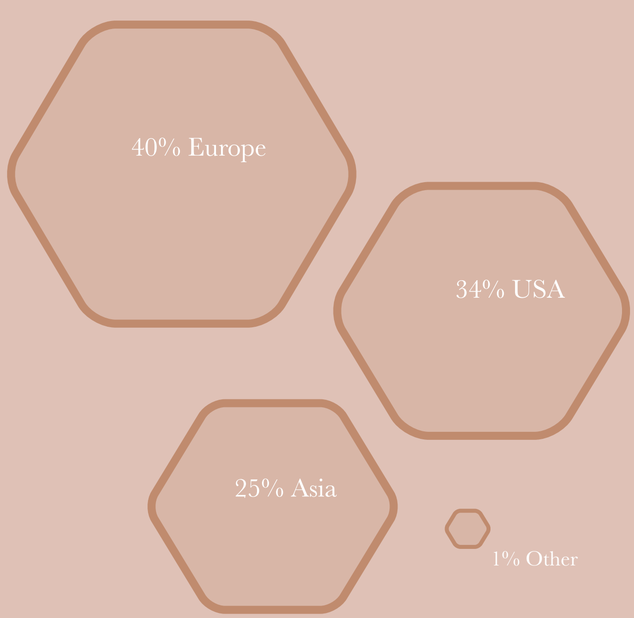
Profit (Loss) Attributable to Owners of the Company

(HK$'000) for year ended 31 March



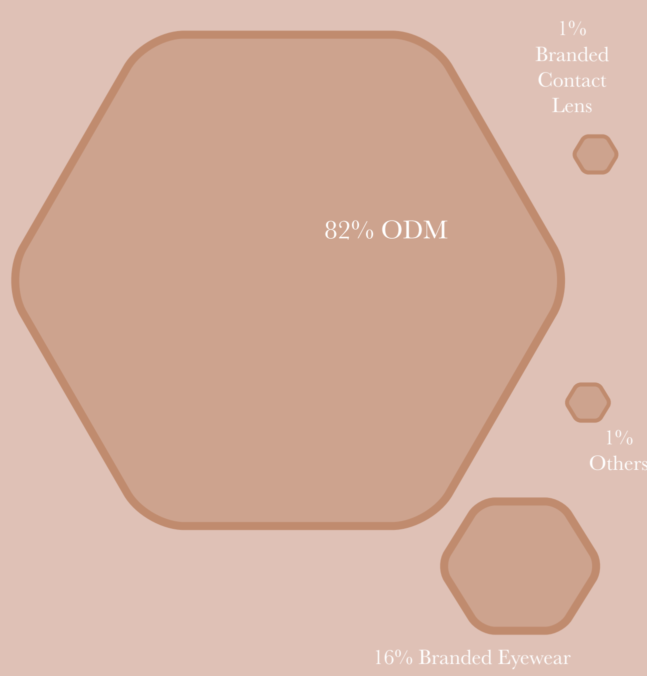
Revenue by Geographical Area

for year ended 31 March 2022



Revenue by Business Division

for year ended 31 March 2022



LETTER TO SHAREHOLDERS

The board of directors (the "Board") of Sun Hing Vision Group Holdings Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (together, the "Group") for the year ended 31 March 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

THE ODM BUSINESS

The Group's turnover from its original design manufacturing ("ODM") business increased by 35.71% to HK$722 million (2021: HK$532 million), which accounted for 82.33% of the Group's total consolidated turnover. The significant growth in revenue was mainly due to the rebound of market demand for eyewear products in Europe and the United States as a result of economic recovery due to the easing of social and travel restrictions as well as the increasing vaccination rates in these regions. Accordingly, the Group's ODM turnover to Europe and the United States increased by 45.68% to HK$354 million (2021: HK$243 million) and by 25.32% to HK$292 million (2021: HK$233 million) respectively. Europe and the United States continued to be the two largest markets of the Group's ODM business. They accounted for 49.03% and 40.44% of the Group's total ODM turnover respectively. In terms of product mix, metal frames, plastic frames and others contributed 42%, 57% and 1% (2021: 41%, 58% and 1%) of the Group's ODM turnover respectively, which was quite stable in comparison with that of the last review year.

THE BRANDED EYEWEAR DISTRIBUTION BUSINESS

The Group's turnover from its branded eyewear distribution business remained stable at HK$144 million (2021: HK$144 million), which accounted for 16.42% of the Group's total consolidated turnover. During the year under review, the economy of Asia, which is the largest market for the Group's branded eyewear distribution business, recovered only moderately after the hard hit by the spread of COVID-19 in 2020. To make matter worse, since the fourth quarter of 2021, the resurgence of COVID-19 pandemic caused by the Omicron variants in certain Asian countries significantly hindered the performance of the Group's distribution business in the region. Asia continued to be the most important market of the Group's branded eyewear distribution business, it accounted for 97.22% (2021: 97.79%) of the Group's total distribution turnover.

LETTER TO SHAREHOLDERS (CONTINUED)

THE BRANDED CONTACT LENS BUSINESS

For the year ended 31 March 2022, the Group's turnover from its branded contact lens business decreased by 60.87% to HK$9 million (2021: HK$23 million), which accounted for 1% of the Group total consolidated turnover. The market demand for the Group's cosmetic contact lens was still weak due to their highly consumer discretionary and fashion oriented nature. Moreover, given the pandemic and the uncertain economic environment as a result, consumers' tendency to avoid unnecessary spending remained unchanged during the year under review.

OTHER BUSINESSES

The Group received income from an external party for trademark licensing, but such income contributed only a small portion of the Group's total consolidated turnover. For the year ended 31 March 2022, the Group received licensing income of HK$2 million (2021: HK$1 million) from an external party in connection with the trademark of Jill Stuart. During the previous fiscal year, the Group received rental income of HK$2 million from external parties for certain investment properties situated in Hong Kong. However, no rental income was received for the year under review as those investment properties were transferred to property, plant and equipment for the Group's self use in the previous fiscal year.

LIQUIDITY AND CAPITAL RESOURCES

The Group continued to maintain a strong liquidity and financial position. It recorded a net cash inflow of HK$45 million from operations during the year under review. As at 31 March 2022, the Group held bank balances and cash of HK$324 million. It also had outstanding bank borrowings of approximately HK$40 million, which is repayable by installments over a period of 20 years with a repayable on demand clause. The debt-to-equity ratio (expressed as a percentage of bank borrowings over equity attributable to owners of the Company) as at 31 March 2022 was 5.15%, which is considered to be healthy and reasonable in light of the Group's business nature. The bank borrowing of the Group was secured by certain Group's leasehold land and buildings situated in Hong Kong.

As at 31 March 2022, the net current assets and current ratio of the Group were approximately HK$413 million and 2.7:1 respectively. The total equity attributable to owners of the Company increased to HK$781 million as at 31 March 2022 from HK$770 million as at 31 March 2021. Due to the gradual recovery of the macroeconomic environment, collection for the Group's receivables continued to improve and the consumption for eyewear products really accelerated. As a result the Group's debtor turnover period and inventory turnover period improved to 83 days and 51 days respectively during the year under review (2021: 116 days and 74 days respectively). The Group believes that its receivables and inventories were managed at a healthy level and will continue to closely monitor the debt collection status and inventory level in order to reduce risk and maximize working capital. The Directors are confident that the financial position of the Group will remain strong, and the Group has sufficient liquidity and financial resources to meet its present commitments and future business needs.

DIVIDENDS

After considering the Group's profitability, liquidity, cash position and future business plans, the Directors resolved to recommend at the forthcoming annual general meeting a final special dividend of HK1.5 cents per share and no final dividend for the year ended 31 March 2022 (2021: final special dividend: HK1.5 cents; final dividend: nil) to the shareholders whose names appear in the register of members of the Company at the close of business on 31 August 2022. The final special dividend is expected to be paid on or about 14 September 2022. The Directors will continue to monitor the dividend policy closely to ensure that an optimal balance can be achieved between the retention of sufficient liquidity in the Group to prepare for the future development ahead and the distribution of earnings to the shareholders respectively.

LETTER TO SHAREHOLDERS (CONTINUED)

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 15 August 2022 to 19 August 2022 (both days inclusive) and from 26 August 2022 to 31 August 2022 (both days inclusive), during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Union Registrars Limited, Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong ("Hong Kong Share Registrar") not later than 4:00 p.m. on 12 August 2022. In order to qualify for the proposed final special dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong Share Registrar not later than 4:00 p.m. on 25 August 2022.

FOREIGN EXCHANGE EXPOSURE

Most of the Group's transactions were conducted in United States 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 around 3,500 people as at 31 March 2022. 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

Details of the charges on the Group's assets are set out in Note 28 to the consolidated financial statements. As at 31 March 2022, there were no significant contingent liabilities other than those disclosed in the consolidated financial statements.

CAPITAL COMMITMENTS

Details of the Group's capital commitments are set out in Note 35 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.

LETTER TO SHAREHOLDERS (CONTINUED)

PROSPECTS

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

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

The Group will continue to explore new sales channels and distribution partners for its branded eyewear distribution business. The Group's brand portfolio is being constantly reviewed and we will take advantage of any opportunity to enrich our portfolio with new brands carrying strong potential. Besides, in response to the rapidly changing consumers' behaviors and preferences, the Group will further enrich its product scope by introducing collections at more flexible price ranges, incorporate more design and tailor-made elements in our products and distribute them in more and also different sales channels.

Looking forward, despite the business environment being full of challenges, we are confident that, with our strength in product development, brand management and manufacturing in the eyewear industry as well as our strong financial status, the Group will overcome the difficulties ahead, and continue to create long-term values for our various stakeholders as well as deliver the objective to achieve sustainable growth in the long run.

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	**Ku Ka Yung**
Chairman	*Deputy Chairman*

Hong Kong, 24 June 2022

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Ku Ngai Yung, Otis, aged 55, 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 49, 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 the brother of Mr. Ku Ngai Yung, Otis.

Mr. Chan Chi Sun, aged 56, 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 60, 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.

Mr. Liu Tao, aged 50, is the executive Director responsible for the production of the Group. He also holds position of other Group member. Mr. Liu has extensive experience in eyewear manufacturing and quality control. He holds bachelor's degree in mechanical and electronic engineering from the Huazhong University of Science and Technology. He joined the Group in June 2000.

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lee Kwong Yiu, aged 59, has over twenty years of experience in Hong Kong law as a qualified solicitor. He was the principal of Philip K. Y. Lee & Co. Solicitors up to 30 September 2020 and is now a consultant solicitor to Y.S. Lau & Partners. He is also an 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.

Mr. Wong Che Man, Eddy, aged 62, has over twenty eight 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 (In Liquidation) and was an independent non-executive director of PF Group Holdings Limited until 11 October 2021. Both companies are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

Mr. Chow Chi Fai, aged 51, has been appointed as an independent non-executive Director since 1 March 2021. He holds a bachelor's degree in Accountancy from the University of South Australia and is a certified public accountant in Hong Kong. Mr Chow is currently an independent non-executive director of Wah Wo Holdings Group Limited and is appointed as an independent non-executive director of Silver Base Group Holdings Limited (In Liquidation) on 30 December 2021. He is also the financial controller and company secretary of Elife Holdings Limited. All these companies are 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 2022, the Company has complied with all applicable code provisions in the CG Code which were effective during the period between 1 April 2021 and 31 March 2022, except for the deviation from Code A.2.1 of the CG Code as described below 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 2022.

BOARD OF DIRECTORS

During the period between 1 April 2021 to 31 March 2022, the Board comprised five executive Directors, namely Mr. Ku Ngai Yung, Otis (Chairman), Mr. Ku Ka Yung (Deputy Chairman), Mr. Chan Chi Sun, Ms. Ma Sau Ching and Mr. Liu Tao and three independent non-executive Directors (representing at least one-third of the Board), namely Mr. Lee Kwong Yiu, Mr. Wong Che Man, Eddy and Mr. Chow Chi Fai.

Two of the independent non-executive Directors, namely Mr. Wong Che Man, Eddy and Mr. Chow Chi Fai, 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 pages 13 to 14. The Board possesses a balanced mix of skills and expertise which supports the continuing development of the Company.

The Board conducted four Board meetings, all of such meetings were regular Board meetings in compliance with Code A.1.1 of the CG Code, for the year ended 31 March 2022. The attendance of each relevant 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. Liu Tao	4/4
Mr. Lee Kwong Yiu	4/4
Mr. Wong Che Man, Eddy	4/4
Mr. Chow Chi Fai	4/4

CORPORATE GOVERNANCE REPORT (CONTINUED)

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 2022, 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. Besides, significant decisions of the Company are required to be made in consultation with and collectively by the members of the Board and/or the appropriate committees and senior management team to ensure that a balanced view is maintained during the decision making process.

During the year ended 31 March 2022, the Chairman held a meeting with all the independent non-executive Directors without the presence of other Directors.

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. In addition, Bye-law 86(2) of the Bye-laws provides that any Director appointed by the Board to fill a casual vacancy on the Board or, subject to authorisation by the members in general meeting, as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Mr. Ku Ngai Yung, Otis, Ms. Ma Sau Ching and Mr. Liu Tao, all executive Directors, and Mr. Chow Chi Fai, an independent non-executive Director, were re-elected as Directors at the 2021 annual general meeting for a term of no more than three years and subject to retirement by rotation in accordance with the Bye-laws.

Mr. Ku Ka Yung and Mr. Chan Chi Sun, both executive Directors, and Mr. Wong Che Man, Eddy, an independent non-executive Director, will retire at the forthcoming 2022 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.

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 2022, all Directors attended a seminar about various duties and obligations under the Listing Rules organized by the Company and conducted by the Company's legal advisor, Messrs. King & Wood Mallesons. All Directors were also provided by the Company with materials designed for refreshing knowledge on Listing Rules and other relevant laws and regulations. Besides, Mr. Lee Kwong Yiu, Mr. Wong Che Man, Eddy and Mr. Chow Chi Fai 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 pages 13 to 14.

COMPANY SECRETARY

Mr. Lee Kar Lun, Clarence resigned as company secretary of the Company with effect from 23 August 2021. Mr. Kam Wing Kwok was appointed as company secretary of the Company on 23 August 2021 to fill the vacancy. Mr. Kam is a full time employee of the Group and possesses the professional qualifications as required under rule 3.28 of the Listing Rules. Mr. Kam confirmed that he had undertaken not less than 15 hours of relevant professional training during the year ended 31 March 2022 in accordance with rule 3.29 of the Listing Rules.

AUDIT COMMITTEE

An audit committee (the "Audit Committee") has been established by the Company with written terms of reference to act in an advisory capacity and to make recommendations to the Board. The members of the Audit Committee comprised Mr. Chow Chi Fai (Chairman), Mr. Lee Kwong Yiu and Mr. Wong Che Man, Eddy, all of whom are independent non-executive Directors. Mr. Chow Chi Fai and Mr. Wong Che Man, Eddy are both qualified certified public accountants and possess the qualifications as required under rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a member of the former or existing auditors of the Group. The Audit Committee has adopted the principles set out in the CG Code. The duties of the Audit Committee include review of the interim and annual reports of the Group, effectiveness of internal audit function as well as various auditing, financial reporting, risk management and internal control matters with the management and/or external auditor of the Company.

CORPORATE GOVERNANCE REPORT (CONTINUED)

For the year ended 31 March 2022, the Audit Committee held two meetings. Attendance of each audit committee member is set out as follows:

Audit Committee Members	Attendance Record
Mr. Chow Chi Fai *(Chairman)*	2/2
Mr. Lee Kwong Yiu	2/2
Mr. Wong Che Man, Eddy	2/2

For the year ended 31 March 2022, 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 2022 have been reviewed by the Audit Committee and audited by the Company's external auditor, Messrs. Deloitte Touche Tohmatsu.

AUDITOR'S REMUNERATION

For 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	HKD1,500,000
Non-audit services	
Interim results review	HKD200,000
Tax compliance and advisory services	HKD170,000
Internal control review	HKD65,000

REMUNERATION COMMITTEE

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

Remuneration Committee Members	Attendance Record
Mr. Lee Kwong Yiu *(Chairman)*	1/1
Mr. Wong Che Man, Eddy	1/1
Mr. Chow Chi Fai	1/1

For the year ended 31 March 2022, 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)

NOMINATION COMMITTEE

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

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

The Company has adopted policy concerning diversity of Board members. Under such a policy, selection of the candidates to the Board is based on the Company's business model and specific needs with reference to a range of diversity perspectives, including but not limited to gender, age, language, culture, education background, professional knowledge and industry experience. The Company believes that a balanced and diversified board composition will help stimulate new ideas and enhance the quality of the Group's decision making process. For the year ended 31 March 2022, the Company maintained an effective Board comprising members of different genders, professional background and industry experience. The Company's board diversity policy was consistently implemented. As at the date of this annual report, the Board consists of one female and seven male Directors. Further details on the biographies and experiences of the Directors are set out on pages 13 to 14 of this annual report. The Nomination Committee will ensure the Board should not consist of Directors with a single gender and will endeavour to comply with the requirements of the diversity of the Board from time to time with effect from the date(s) stipulated by the Listing Rules and with reference to the board diversity policy of the Company.

For the year ended 31 March 2022, the Nomination Committee held one 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. Lee Kwong Yiu	1/1
Mr. Chow Chi Fai	1/1

For the year ended 31 March 2022, the Nomination Committee has monitored and reviewed the nomination procedures and process for the nomination of Directors, reviewed the composition of the Board with reference to its existing structure, size, diversity and composition 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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

ACCOUNTABILITY, INSIDE INFORMATION, RISK MANAGEMENT AND INTERNAL CONTROL

The Directors acknowledge their responsibility to prepare financial statements for the financial year ended 31 March 2022 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 2022, the Directors have adopted suitable accounting policies which are pertinent to the Group's operation and relevant to the financial statements, have made judgments 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 32 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 receiving 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 respond to such information.

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 to 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.

For the year ended 31 March 2022, 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.

GENERAL MEETING

For the year ended 31 March 2022, 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 Cing	1/1
Mr. Liu Tao	1/1
Mr. Lee Kwong Yiu	1/1
Mr. Wong Che Man, Eddy	1/1
Mr. Chow Chi Fai	1/1

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) and environmental, social and governance 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 and its other corporate communications. Shareholders and the investment community may at any time obtain the latest published financial reports and environmental, social and governance 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.

The Shareholders Communication Policy is reviewed annually, and it emphasises the Company's commitment to a proactive policy of promoting investor relations and effective communications with the shareholders and the investment community. The Company will better utilise its website as a channel to disclose the Company's updated information and corporate communications to the shareholders and the investment community on a timely basis.

CORPORATE GOVERNANCE REPORT (CONTINUED)

DIVIDEND POLICY

The Group adopts a dividend policy which aims at achieving an optimal balance between the retention of sufficient liquidity in the Group to prepare for the development ahead and the distribution of earnings to the shareholders of the Company. According to the adopted dividend policy, any declaration of dividends by the Company shall be conducted in accordance with the laws of Bermuda, the Bye-laws as well as other applicable regulations. In deciding whether to propose a dividend and in determining the dividend amount, the Board will take into account factors including the Group's financial results, cash flows, cash and bank balance on hand and future business plans.

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 Bye-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").

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 25th Floor, EGL Tower, 83 Hung To Road, 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 2022.

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 2022.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 40 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2022 are set out in the consolidated statement of profit or loss and other comprehensive income on page 38.

The Directors now recommend a final special dividend of HK1.5 cents per share amounting to approximately HK$3,942,000 to the shareholders of the Company whose names appear on the register of members at the close of business on 31 August 2022.

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, gearing 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 12.

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 32 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 (as amended), 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 cover aspects including reduction of waste and energy consumption. It periodically monitors performance related to environmental policies. Further details of the Group's environmental policies and performance are set out in the Environmental, Social and Governance Report to be published separately.

DIRECTORS' REPORT (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment at a cost of approximately HK$16,838,000 to maintain the existing plants, upgrade production facilities and renovate the office of the Group's headquarters. Details of these and other movements in property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

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 72.39% of the Group's total sales and the sales attributable to the Group's largest customer were approximately 25.70% of the Group's total sales.

During the year, the aggregate purchases attributable to the Group's five largest suppliers comprised approximately 37.44% of the Group's total purchases and the purchases attributable to the Group's largest supplier were approximately 14.46% 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 customers or suppliers.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 29 to the consolidated financial statements.

DISTRIBUTABLE RESERVE OF THE COMPANY

As at 31 March 2022, the Company's reserves available for distribution comprising retained profits of HK$44,440,000 (2021: HK$52,421,000).

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
Liu Tao

Independent non-executive Directors:
Lee Kwong Yiu
Wong Che Man, Eddy
Chow Chi Fai

In accordance with Bye-laws 87(1) and 90 of the Company's Bye-laws, Mr. Ku Ka Yung, Mr. Chan Chi Sun and Mr. Wong Che Man, Eddy will retire at the forthcoming annual general meeting and, being eligible, offer themselves for reelection. 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 and Mr. Ku Ka Yung 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.

Mr. Liu Tao has entered into a service agreement with the Company for an initial term of two years commencing on 1 March 2021 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. Lee Kwong Yiu, Mr. Wong Che Man, Eddy and Mr. Chow Chi Fai, has entered into a service agreement with the Company for an initial term of three years. 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. The term of Mr. Chow Chi Fai commenced from 1 March 2021 and continuing thereafter until terminated by not less than three months' prior written notice served by either party.

DIRECTORS' REPORT (CONTINUED)

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.

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 2022, 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 the Company
Name of Directors	**Personal interest**	**Other interest**	**Total**	
Ku Ngai Yung, Otis	–	141,533,828 *(Note i)*	141,533,828	53.86%
Ku Ka Yung	–	141,533,828 *(Note i)*	141,533,828	53.86%
Chan Chi Sun	2,026,000	–	2,026,000	0.77%
Ma Sau Ching	350,000	–	350,000	0.13%
Liu Tao	1,000,000	50,000 *(Note ii)*	1,050,000	0.40%

Notes:

(i) 141,533,828 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.

(ii) 50,000 ordinary shares of the Company were held by the spouse of Mr. Liu Tao. By virtue of the interests in the Company held by the spouse of Mr. Liu Tao, together with his own personal interest, Mr. Liu Tao is deemed to be interested in 1,050,000 shares of the Company in total under the SFO.

DIRECTORS' REPORT (CONTINUED)

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 2022, 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.

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 2022 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 Scheme disclosed above, at no time during the year was the Company or any of its holding companies or 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 or 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.

As at 31 March 2022, no contract of significance had been entered into between the Company, or any of its subsidiaries, and a controlling shareholder of the Company or any of its subsidiaries.

DIRECTORS' REPORT (CONTINUED)

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

As at 31 March 2022, 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 1)*	141,533,828	53.86%
Marshvale Investments Limited *(Note 1)*	141,533,828	53.86%
HSBC International Trustee Limited *(Notes 1 & 2)*	141,533,828	53.86%
Ku Ling Wah, Phyllis *(Notes 1, 2 & 3)*	141,533,828	53.86%
Other Persons		
FMR LLC *(Note 4)*	26,277,000	9.99%
Webb David Michael *(Notes 5 & 6)*	26,098,000	9.93%
Fidelity Puritan Trust *(Note 7)*	20,999,000	7.99%
Preferable Situation Assets Limited *(Note 6)*	18,346,000	6.98%
Yeo Seng Chong *(Note 8)*	13,160,000	5.01%
Lim Mee Hwa *(Note 9)*	13,160,000	5.01%

Notes:

1. As at 31 March 2022, 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 141,533,828 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 141,533,828 shares of the Company under the SFO. Mr. Ku Ngai Yung, Otis and Mr. Ku Ka Yung are directors of UVI.

2. 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. 141,533,828 shares of the Company were held indirectly by HSBC Trustee through UVI as mentioned in note 1 above.

DIRECTORS' REPORT (CONTINUED)

3. 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 2022, The Vision Trust ultimately and wholly owned UVI, which held 141,533,828 shares of the Company.

4. 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.

5. According to an individual substantial shareholder notice filed by David Michael Webb on 17 January 2020, as at 14 January 2020 (i.e. the date of the relevant event as set out in the individual substantial shareholder notice filed on 17 January 2020), of the 26,098,000 shares of the Company held by David Michael Webb, 9,212,000 shares of the Company were held directly by him, while 16,886,000 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 16,886,000 shares of the Company held by Preferable Situation Assets Limited under the SFO. (Please also see note 6 below).

6. 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.

7. According to a corporate substantial shareholder notice filed by Fidelity Puritan Trust on 4 January 2018, as at 29 December 2017 (i.e. the date of the relevant event as set out in the corporate substantial shareholder notice filed on 4 January 2018), 20,999,000 shares of the Company were held directly by Fidelity Puritan Trust.

8. According to an individual substantial shareholder notice filed by Mr. Yeo Seng Chong on 8 November 2021, as at 5 November 2021 (i.e. the date of the relevant event as set out in the individual substantial shareholder notice filed on 8 November 2021), of the 13,160,000 shares of the Company held by Mr. Yeo Seng Chong, 2,842,000 shares of the Company were held directly by him, 250,000 shares of the Company were held by his spouse, Ms. Lim Mee Hwa (please also see note 9 below), 378,000 shares of the Company were held by Yeoman Capital Management Pte Limited, a jointly owned company of him and his spouse, while 9,540,000 and 150,000 shares of the Company were held by Yeoman 3-Rights Value Asia Fund and Yeoman Client 1 respectively, both are wholly owned companies of Yeoman Capital Management Pte Limited. By virtue of the interests in the Company held by the spouse of Mr. Yeo Seng Chong, Yeoman Capital Management Pte Limited, Yeoman 3-Rights Value Asia Fund and Yeoman Client 1, together with his own personal interest, Mr. Yeo Seng Chong is deemed to be interested in 13,160,000 shares of the Company in total under the SFO.

9. According to an individual substantial shareholder notice filed by Ms. Lim Mee Hwa on 8 November 2021, as at 5 November 2021 (i.e. the date of the relevant event as set out in the individual substantial shareholder notice filed on 8 November 2021), of the 13,160,000 shares of the Company held by Ms. Lim Mee Hwa, 250,000 shares of the Company were held directly by her, 2,842,000 shares of the Company were held by her spouse, Mr. Yeo Seng Chong (please also see note 8 above), 378,000 shares of the Company were held by Yeoman Capital Management Pte Limited, a jointly owned company of her and her spouse, while 9,540,000 and 150,000 shares of the Company were held by Yeoman 3-Rights Value Asia Fund and Yeoman Client 1 respectively, both are wholly owned companies of Yeoman Capital Management Pte Limited. By virtue of the interests in the Company held by the spouse of Ms. Lim Mee Hwa, Yeoman Capital Management Pte Limited, Yeoman 3-Rights Value Asia Fund and Yeoman Client 1, together with her own personal interest, Ms. Lim Mee Hwa is deemed to be interested in 13,160,000 shares of the Company in total under the SFO.

All the interests stated above represent long position. Save as disclosed above, as at 31 March 2022, 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.

DIRECTORS' REPORT (CONTINUED)

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 30 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.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Shares.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 March 2022.

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.

DIRECTORS' REPORT (CONTINUED)

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 15 to 22.

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, 24 June 2022

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 122, which comprise the consolidated statement of financial position as at 31 March 2022, 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 2022, 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 ("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 period. 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 matter	How our audit addressed the key audit matter
Expected credit loss ("ECL") assessment of trade receivables	
We identified the ECL assessment 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, estimation uncertainty and the management judgment involved in the evaluation of ECL. The management performed ECL assessment of trade receivables with reference to the valuations performed by the independent qualified professional valuer (the "Valuer"). As disclosed in notes 22 and 32 to the consolidated financial statements, the trade receivables carried at HK\$199,082,000 (net of allowance for credit loss of HK\$11,617,000 as at 31 March 2022). Net impairment loss of HK\$3,036,000 was reversed in profit or loss during the year ended 31 March 2022. As disclosed in note 32 to the consolidated financial statements, except for gross carrying amounts of trade receivables with significant balances of HK\$161,792,000 which are assessed for ECL individually, the Group uses provision matrix to calculate the ECL for the remaining trade receivables collectively. The provision rates are based on past due analysis as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration of both quantitative and qualitative information that is reasonable and supportable including forward-looking information that is available without undue costs or effort. At the end of each reporting period, the historical observed default rates are reassessed and forward-looking information are reconsidered. Details of the ECL assessment of trade receivables are set out in note 32 to the consolidated financial statements.	Our procedures in relation to the ECL assessment of trade receivables included: • Understanding the key controls on how the management estimates loss allowance for credit loss for trade receivables; • Evaluating of the Valuer's competence, capabilities and objectivity; • Assessing management's basis in identifying trade receivables with significant balances or credit-impaired and determining allowance for credit losses for these trade receivables using internal credit rating with reference to the external credit agency data and the reasonableness of the forward-looking information being considered; • Testing the integrity of information used by management to develop the provision matrix, including trade receivables ageing analysis as at 31 March 2022, on a sample basis, by comparing individual items in the analysis with the relevant sales invoices and goods delivery notes; • Evaluating the reasonableness of management judgement in determining allowance for credit loss for trade receivables as at 31 March 2022, including the reasonableness of management's grouping of the remaining trade debtors into different categories in the provision matrix, and the basis of estimated loss rates applied in each category in the provision matrix with reference to historical default rates and forward-looking information; • Evaluating the disclosures regarding the ECL assessment of trade receivables in note 32 to the consolidated financial statements; and • Testing subsequent settlements of trade receivables, on a sample basis, by inspecting supporting documents in relation to cash receipt from trade debtors subsequent to the end of the current reporting period.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of the Identified Long-lived Assets (as defined below)	
We identified the impairment assessment of certain long-lived assets relating to the Group's business of manufacturing and trading of eyewear products, comprising principally of certain property, plant and equipment, right-of-use assets, intangible assets and deposits paid for acquisition of property, plant and equipment and right-of-use assets (the "Identified Long-lived Assets"), as a key audit matter as significant judgement by the management is required to assess the amount of impairment of these assets. As at 31 March 2022, the management of the Group has reassessed the impairment assessment of the Identified Long-lived Assets, which include the carrying amounts of property, plant and equipment, right-of-use assets, intangible assets and deposits paid for acquisition of property, plant and equipment and right-of-use assets of HK$289,850,000, HK$14,292,000, HK$31,647,000 and HK$19,742,000 respectively, as set out in note 4 to the consolidated financial statements. As further disclosed in note 4 to the consolidated financial statements, for the purpose of assessing impairment, the recoverable amounts of cash generating unit to which these assets belongs have been determined by the management of the Group based on value in use calculations with reference to the valuations performed by the Valuer using financial budgets based on past performance and expectation for market development, where the key inputs parameters include growth rates and discount rates. Based on the results of the management's assessment, no additional impairment loss nor reversal of impairment loss is required to be recognised against the Identified Long-lived Assets for the year ended 31 March 2022.	Our procedures in relation to management's impairment assessment of the Identified Long-lived Assets included: • Understanding the Group's impairment assessment process, including impairment assessment model adopted and assumptions used; • Evaluating the independent qualified professional valuer's competence, capabilities and objectivity; • Engaging our internal specialists to review the reasonableness of the impairment assessment model adopted and assumptions used by the management of the Group; • Assessing the reasonableness of the management's estimate of the growth rates with reference to the historical performance and the latest budgets of the Group and market data; • Assessing the reasonableness of the discount rates used by management in determining the value in use, with reference to the current market risk-free rate of interest and the industry specific risk factors; • Evaluating the historical accuracy of the management's cash flow projections by comparing the historical cash flow projections with the actual performance; and • Assessing the sensitivity analysis prepared by management on the significant assumptions to evaluate the extent of impact of these assumptions on the impairment assessment model.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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.

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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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.

- 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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, actions taken to eliminate threats or safeguards applied.

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 Wu Ka Ming.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24 June 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	NOTES	**2022** **HK$'000**	2021 HK$'000
Revenue	*5*		
Contracts with customers		**876,741**	700,082
Leases		**–**	1,589
Total revenue		**876,741**	701,671
Cost of sales		**(717,990)**	(571,298)
Gross profit		**158,751**	130,373
Other income, gains and losses	*6*	**6,210**	8,393
Reversal of impairment losses on trade receivables, net	*7*	**3,036**	3,478
Selling and distribution costs		**(32,686)**	(27,078)
Administrative expenses		**(124,271)**	(110,513)
Share of loss of a joint venture		**–**	(48)
Loss on disposal of a joint venture		**–**	(91)
Finance costs	*8*	**(1,789)**	(1,849)
Profit before tax		**9,251**	2,665
Income tax (expense) credit	*9*	**(596)**	6,843
Profit for the year	*10*	**8,655**	9,508
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**10,161**	5,502
Share of other comprehensive expense of a joint venture		**–**	(2)
Reclassification of cumulative translation reserve upon disposal of a joint venture		**–**	91
Reclassification of cumulative translation reserve upon deregistration of a subsidiary		**(13)**	–
		10,148	5,591
Total comprehensive income for the year		**18,803**	15,099
Profit (loss) for the year attributable to:			
Owners of the Company		**9,091**	9,608
Non-controlling interests		**(436)**	(100)
		8,655	9,508
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**19,222**	15,062
Non-controlling interests		**(419)**	37
		18,803	15,099
		HK cents	HK cents
Earnings per share	*14*		
Basic		**3.46**	3.66

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	NOTES	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**290,150**	284,060
Right-of-use assets	16	**14,292**	13,718
Investment properties	17	**–**	6,662
Intangible assets	18	**47,796**	49,652
Deposits paid for acquisition of property, plant and equipment and right-of-use assets		**19,742**	21,285
Financial asset at fair value through profit or loss	19	**1,625**	–
Deferred tax assets	20	**11,616**	11,563
		385,221	386,940
CURRENT ASSETS			
Inventories	21	**100,926**	116,527
Trade and other receivables	22	**226,862**	244,085
Derivative financial instruments	23	**224**	7
Tax recoverable		**3,058**	3,049
Bank balances and cash	24	**324,084**	316,981
		655,154	680,649
CURRENT LIABILITIES			
Trade and other payables	25	**184,937**	217,461
Lease liabilities	26	**9,893**	8,261
Refund liabilities	27	**2,077**	2,375
Derivative financial instruments	23	**136**	769
Tax payable		**5,048**	4,938
Bank borrowings	28	**40,236**	42,437
		242,327	276,241
NET CURRENT ASSETS		**412,827**	404,408
TOTAL ASSETS LESS CURRENT LIABILITIES		**798,048**	791,348

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 March 2022

	NOTES	**2022 HK$'000**	2021 HK$'000
CAPITAL AND RESERVES			
Share capital	*29*	**26,278**	26,278
Share premium and reserves		**755,207**	743,869
Equity attributable to owners of the Company		**781,485**	770,147
Non-controlling interests		**–**	453
TOTAL EQUITY		**781,485**	770,600
NON-CURRENT LIABILITIES			
Lease liabilities	*26*	**10,689**	14,871
Deferred tax liabilities	*20*	**5,874**	5,877
		16,563	20,748
TOTAL EQUITY AND NON-CURRENT LIABILITIES		**798,048**	791,348

The consolidated financial statements on pages 38 to 122 were approved and authorised for issue by the Board of Directors on 24 June 2022 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 2022

	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$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2020	26,278	78,945	18,644	(5,573)	636,791	755,085	416	755,501
Profit (loss) for the year	–	–	–	–	9,608	9,608	(100)	9,508
Exchange difference arising on translation of foreign operations	–	–	–	5,365	–	5,365	137	5,502
Share of other comprehensive expense of a joint venture	–	–	–	(2)	–	(2)	–	(2)
Reclassification of cumulative translation reserve upon disposal of a joint venture	–	–	–	91	–	91	–	91
Total comprehensive income for the year	–	–	–	5,454	9,608	15,062	37	15,099
At 31 March 2021	26,278	78,945	18,644	(119)	646,399	770,147	453	770,600
Profit (loss) for the year	**–**	**–**	**–**	**–**	**9,091**	**9,091**	**(436)**	**8,655**
Exchange difference arising on translation of foreign operations	**–**	**–**	**–**	**10,138**	**–**	**10,138**	**23**	**10,161**
Reclassification of cumulative translation reserve upon deregistration of a subsidiary	**–**	**–**	**–**	**(7)**	**–**	**(7)**	**(6)**	**(13)**
Total comprehensive income (expense) for the year	**–**	**–**	**–**	**10,131**	**9,091**	**19,222**	**(419)**	**18,803**
Dividends recognised as distribution	**–**	**–**	**–**	**–**	**(7,884)**	**(7,884)**	**–**	**(7,884)**
Disposal of a subsidiary *(note 37)*	**–**	**–**	**–**	**–**	**–**	**–**	**(34)**	**(34)**
At 31 March 2022	**26,278**	**78,945**	**18,644**	**10,012**	**647,606**	**781,485**	**–**	**781,485**

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 Sun Hing Vision Group Holdings Limited (the "Company") pursuant to a group reorganisation.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	2022 HK$'000	2021 HK$'000
OPERATING ACTIVITIES		
Profit before tax	**9,251**	2,665
Adjustments for:		
Allowance for inventories	**575**	13,155
Bank interest income	**(843)**	(1,730)
Share of loss of a joint venture	**–**	48
Interest on bank borrowings	**585**	753
Interest on lease liabilities	**1,204**	1,096
Depreciation of property, plant and equipment	**21,419**	15,741
Depreciation of investment properties	**114**	4,682
Depreciation of right-of-use assets	**6,547**	4,671
Amortisation of intangible assets	**1,856**	1,856
Fair value changes on derivative financial instruments	**(850)**	387
Loss on disposals of property, plant and equipment	**29**	5
Loss on disposal of a joint venture	**–**	91
Gain on disposal of a subsidiary	**(445)**	–
Reversal of impairment losses on trade receivables, net	**(3,036)**	(3,478)
Fair value changes on financial asset at fair value through profit or loss	**(65)**	–
Operating cash flows before movements in working capital	**36,341**	39,942
Decrease (increase) in inventories	**20,289**	(1,145)
Decrease (increase) in trade and other receivables	**32,207**	(19,958)
(Decrease) increase in trade and other payables	**(42,174)**	27,887
Decrease in refund liabilities	**(387)**	(326)
Cash generated from operations	**46,276**	46,400
Income tax paid	**(1,110)**	(2,378)
NET CASH FROM OPERATING ACTIVITIES	**45,166**	44,022
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(15,325)**	(17,033)
Purchase of financial asset at fair value through profit or loss	**(1,560)**	–
Deposits paid for acquisition of property, plant and equipment and right-of-use assets	**(1,340)**	(7,725)
Interest received	**843**	1,730
Net cash inflow on disposal of a subsidiary	**397**	–
Proceeds on disposals of property, plant and equipment	**230**	20
NET CASH USED IN INVESTING ACTIVITIES	**(16,755)**	(23,008)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 March 2022

	2022 HK$'000	2021 HK$'000
FINANCING ACTIVITIES		
Repayment of principal of lease liabilities	(11,286)	(10,566)
Dividends paid	(7,884)	–
Repayment of bank borrowings	(2,201)	(2,107)
Interest paid on lease liabilities	(1,204)	(1,096)
Interest paid on bank borrowings	(585)	(753)
CASH USED IN FINANCING ACTIVITIES	(23,160)	(14,522)
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,251	6,492
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	316,981	308,806
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	1,852	1,683
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	324,084	316,981

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. GENERAL INFORMATION

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 (the "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 40.

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

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

AMENDMENTS TO HKFRSs THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

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

AMENDMENTS TO HKFRSs THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR (CONTINUED)

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

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

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

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

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

The application of the Committee's agenda decision has had no material impact on the Group's financial positions and performance.

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 17	Insurance Contracts and the related Amendments[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[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 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[1]

1 Effective for annual periods beginning on or after 1 January 2022.
2 Effective for annual periods beginning on or after 1 January 2023.
3 Effective for annual periods beginning on or after a date to be determined.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

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

NEW AND AMENDMENTS TO HKFRSs IN ISSUE BUT NOT YET EFFECTIVE (CONTINUED)

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

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)"

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date.

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 "Financial Instruments: Presentation".

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 March 2022, the application of the amendments will not result in reclassification of the Group's liabilities.

Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

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

NEW AND AMENDMENTS TO HKFRSs IN ISSUE BUT NOT YET EFFECTIVE (CONTINUED)

Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies" (continued)

HKFRS Practice Statement 2 "Making Materiality Judgements" (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to HKAS 8 "Definition of Accounting Estimates"

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 "Income Taxes" so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. As disclosed in note 3 to the consolidated financial statements, for leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the relevant assets and liabilities separately. Temporary differences on initial recognition of the relevant assets and liabilities are not recognised due to application of the initial recognition exemption.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for the Group's annual period beginning on 1 January 2023, with early application permitted. As at 31 March 2022, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to HK$11,528,000 and HK$20,582,000 respectively. The Group is still in the process of assessing the full impact of the application of the amendments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with the HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, 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 accounted for in accordance with HKFRS 16 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".

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

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

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

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

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

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

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

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

Changes in the Group's interests in existing subsidiaries

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss as specified/permitted by applicable HKFRSs).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in a joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of a joint venture is incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of the joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income or expense of the joint venture. Changes in net assets of the joint venture other than profit or loss and other comprehensive income or expense are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any assets, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal of the joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers

The Group 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.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Except for granting of a license that is distinct from other promised goods or services, control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

For granting of a licence that is distinct from other promised goods or services, the nature of the Group's promise in granting a licence is a promise to provide a right to access the Group's intellectual property if all of the following criteria are met:

- the contract requires, or the customer reasonably expects, that the Group will undertake activities that significantly affect the intellectual property to which the customer has rights;
- the rights granted by the licence directly expose the customer to any positive or negative effects of the Group's activities; and
- those activities do not result in the transfer of a good or a service to the customer as those activities occur.

If the criteria above are met, the Group accounts for the promise to grant a licence as a performance obligation satisfied over time. Otherwise, the Group considers the grant of licence as providing the customers the right to use the Group's intellectual property and the performance obligation is satisfied at a point in time at which the licence is granted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (CONTINUED)

Variable consideration

For contracts that contain variable consideration (contract of license of trademarks), the Group estimates the amount of consideration to which it will be entitled using the most likely amount, which better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Notwithstanding the above criteria, the Group shall recognise revenue for a sales-based or usage-based royalty promised in exchange for a licence of intellectual property only when (or as) the later of the following events occurs:

- the subsequent sale or usage occurs; and
- the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied).

Refund liabilities

The Group recognises a refund liability if the Group expects to refund some or all of the consideration received from customers.

Sale with a right of return/exchange

For a sale of products with a right of return/exchange for dissimilar products, the Group recognises all of the following:

(a) revenue for the transferred products in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognised for the products expected to be returned/exchanged);

(b) a refund liability; and

(c) an assets (and corresponding adjustment to cost of sales) for its right to recover products from customers and are presented as right to returned goods assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (CONTINUED)

Contract costs

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises sales commissions as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as a lessee (continued)

Short-term leases

The Group applies the short-term lease recognition exemption to leases of buildings and office equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 “Financial Instruments” and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as a lessee (continued)

Lease modifications

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the terms of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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 any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost 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.

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)

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

Deposits paid for acquisition of property, plant and equipment and right-of-use asset

Deposits paid for acquisition of property, plant and equipment and right-of-use asset are stated in the consolidated statement of financial position at cost less any subsequent accumulated impairment losses, if any. An item of deposits paid for acquisition of property, plant and equipment or right-of-use asset is transferred to property, plant and equipment or right-of-use asset upon receipt by the Group and is ready for its intended use.

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.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment on property, plant and equipment, right-of-use assets and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives 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 relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. 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 or the group of CGUs. 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 or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or the group of CGUs) 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 (or a CGU or the group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 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 recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the 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. HK$) 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).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation or interest in a joint venture that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income, gains and losses" line-item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits

Retirement benefit costs

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

Short term employee benefits

Short term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

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 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 deferred tax 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interest in a joint venture, 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 and interest 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

The carrying amount of deferred tax assets is reviewed at the end of each 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.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 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. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Borrowing cost

Borrowing costs, other than those directly attributable to the acquisition, construction or production of qualifying assets, are recognised in profit or loss in the period in which they are incurred.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. 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 market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 "Revenue from Contracts with Customers". 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 ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points 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 financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset, the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss is included in the "other income, gains and losses" line item.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, deposits, other receivables, amounts due from entities controlled by non-controlling shareholders of a subsidiary and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

The Group always recognises lifetime ECL for trade receivables. The ECL are assessed individually for debtors with significant and credit-impaired balances. The remaining debtors are assessed collectively with similar credit risks characteristics using a provision matrix based primarily on the debtors' aging profiles.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk (continued)

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables, other than those significant and credit-impaired balances, using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(v) Measurement and recognition of ECL (continued)

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment losses in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity 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 an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities at FVTPL (continued)

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is 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, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables and bank borrowings are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

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 underlying 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 on-going 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.

RECOGNITION OF DEFERRED TAX

As at 31 March 2022, the Group recognised deferred tax assets of HK$13,379,000 (2021: HK$11,818,000) in respect of HK$92,243,000 (2021: HK$71,623,000) of unused tax losses. No deferred tax assets have been recognised in respect of the remaining tax losses of HK$2,532,000 (2021: HK$2,417,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty especially given the significant uncertainty on the potential continuous disruption of the Group's sales of eyewear products due to the Covid-19 pandemic. In cases where the actual future profits generated are less than or more than expected, a material reversal or recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or recognition takes place.

PROVISION OF ECL FOR TRADE RECEIVABLES

Except for trade receivables with significant and credit-impaired balances which are assessed for ECL individually, the Group uses provision matrix to calculate ECL for the remaining trade receivables collectively. The provision rates are based on past due analysis by groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration of both quantitative and qualitative information that is reasonable and supportable including forward-looking information that is available without undue costs or effort. At the end of each reporting period, the historical observed default rates are reassessed and forward-looking information are reconsidered.

The provision of ECL is sensitive to changes in estimates. The information about the Group's trade receivables and the ECL are disclosed in notes 22 and 32.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

ESTIMATED IMPAIRMENT OF IDENTIFIED LONG-LIVED ASSETS (AS DEFINED BELOW)

Certain long-lived assets of the Group's business of manufacturing and trading of eyewear products, comprising principally certain of the Group's property, plant and equipment, right-of-use assets, intangible assets and deposits paid for acquisition of property, plant and equipment and right-of-use assets (the "Identified Long-lived Assets"), are stated at costs less accumulated depreciation/amortisation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

As at 31 March 2022 and 2021, the management has reassessed the impairment assessment of the Identified Long-lived Assets, which the aggregate carrying amounts of the Identified Long-lived Assets after impairment was HK$355,531,000 (2021: HK$342,436,000), including certain property, plant and equipment, right-of-use assets, intangible assets and deposits paid for acquisition of property, plant and equipment and right-of-use assets of HK$289,850,000, HK$14,292,000, HK$31,647,000 and HK$19,742,000 respectively (2021: HK$283,760,000, HK$13,718,000, HK$23,673,000 and HK$21,285,000). The Group estimates the recoverable amount of the manufacturing and trading of eyewear products CGU to which the Identified Long-lived Assets belong because it is not possible to estimate the recoverable amount of some of the Identified Long-lived Assets individually.

The recoverable amounts of the manufacturing and trading of eyewear products CGU have been determined based on value in use calculation. The calculation uses pre-tax cash flow projections based on financial budgets approved by management of the Group covering a five-year period and discounted by pre-tax rates specific to the relevant CGU. The cash flows beyond the five-year period are extrapolated using growth rates which do not exceed the historical trend of the respective CGU nor the industry growth rates. Management determines the financial budgets based on past performance and its expectations for market developments, including the expectations of the macroeconomic outlooks in China and the countries in which the Group's major customers operate in, the market demand of the Group's eyewear products, among others. The growth rate beyond the five-year budget period and discount rate used for value in use calculation for the Identified Long-lived Assets as at 31 March 2022 are 2.0% and 16.21% (2021: 2.0% and 15.81%) respectively.

As at 31 March 2022 and 2021, based on the result of the assessment, management of the Group determined that no additional impairment loss nor reversal of impairment loss is required against the Identified Long-lived Assets. As at 31 March 2022, the accumulated impairment losses of property, plant and equipment and right-of-use assets amounted to HK$116,146,000 and HK$14,872,000 (2021: HK$112,000,000 and HK$18,000,000) respectively. The changes in accumulated impairment losses for property, plant and equipment and right-of-use assets in the current period are due to exchange adjustments and written off of impairment losses arising from the expiration of leases, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

5. REVENUE AND SEGMENT INFORMATION

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

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

	For the year ended 31 March 2022			
	Eyewear products HK$'000	**Contact lens HK$'000**	**Trademarks HK$'000**	**Total HK$'000**
Types of goods or services				
Eyewear products	**866,429**	**–**	**–**	**866,429**
Contact lens	**–**	**8,648**	**–**	**8,648**
Royalty income	**–**	**–**	**1,664**	**1,664**
Revenue from contracts with customers	**866,429**	**8,648**	**1,664**	**876,741**
Timing of revenue recognition from contracts with customers				
A point in time	**866,429**	**8,648**	**1,664**	**876,741**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

PERFORMANCE OBLIGATIONS FOR CONTRACT WITH CUSTOMERS

The Group manufactures and sells the eyewear products and contact lens to customers directly.

Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customers' specific location (delivery). Following delivery, the customers have full discretion over the manner of distribution and price to sell the goods, also have the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit term is mainly 30 to 120 days upon delivery. Under the Group's standard contract terms, customers have a right to return/exchange for dissimilar products. The Group uses its accumulated historical experience to estimate the number of return/exchange. Revenue is recognised for sales which are considered highly probable that a significant reversal in the cumulative revenue recognised will not occur.

The Group also receives royalty income from granting license of trademarks. Revenue is recognised at a point in time when subsequent sale of licensing products from licensee occurs over the licensing period. The credit term is normally 30 days upon the end of a licensing reporting period.

TRANSACTION PRICE ALLOCATED TO THE REMAINING PERFORMANCE OBLIGATION FOR CONTRACT WITH CUSTOMERS

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

Contracts for royalty income typically have a 3-years non-cancellable term in which the Group bills at a fixed rate for each licensing product. The Group elected to apply the practical expedient by recognising revenue in the amount to which the Group has right to receive according to the relevant licensing agreement. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

SEGMENT INFORMATION

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

Eyewear products	–	manufacturing and trading of eyewear products
Contact lens	–	trading of contact lens products
Trademarks	–	granting license of trademarks
Others (for the year ended 31 March 2021)	–	granting license of trademarks and leasing of properties in Hong Kong

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

SEGMENT INFORMATION (CONTINUED)

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

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

For the year ended 31 March 2022

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

SEGMENT INFORMATION (CONTINUED)

For the year ended 31 March 2021

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

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

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

Segment results represent the results of each segment without allocation of certain other income, gains and losses (mainly including bank interest income, gain on disposal of a subsidiary, loss on disposals of property, plant and equipment, fair value changes on financial asset at FVTPL and others), central administration costs (mainly including salaries for the Company's directors), finance costs, share of loss of a joint venture and loss on disposal of a joint venture.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

GEOGRAPHICAL INFORMATION

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

INFORMATION ABOUT MAJOR CUSTOMERS

For the year ended 31 March 2022, three customers of the Group contributed more than 10% of the Group's revenue. Revenue attributed from these three customers were HK$225,353,000, HK$162,744,000 and HK$138,916,000 respectively. The revenue of the above customers was related to eyewear products segment. For the year ended 31 March 2021, three customers of the Group contributed more than 10% of the Group's revenue. Revenue attributed from these three customers were HK$136,703,000, HK$134,033,000 and HK$95,426,000 respectively. The revenue of these customers was related to eyewear products segment.

6. OTHER INCOME, GAINS AND LOSSES

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

6. OTHER INCOME, GAINS AND LOSSES (CONTINUED)

Notes:

(i) During the year ended 31 March 2021, the Group recognised government grants of HK$6,960,000 in respect of Covid-19-related subsidies, of which HK$4,695,000 related to Employment Support Scheme provided by the Hong Kong government.

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

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

7. REVERSAL OF IMPAIRMENT LOSSES ON TRADE RECEIVABLES, NET

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

Details of impairment assessment are set out in note 32.

8. FINANCE COSTS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

9. INCOME TAX EXPENSE (CREDIT)

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
The expense (credit) comprises:		
Current tax		
– Hong Kong Profits Tax	**108**	76
– PRC Enterprise Income Tax ("EIT")	**158**	3,146
– United States Withholding Tax	**499**	425
	765	3,647
Under(over)provision in respect of prior years		
– Hong Kong Profits Tax	**45**	(137)
– PRC EIT	**(158)**	(3,222)
	(113)	(3,359)
Deferred taxation *(note 20)*		
– Current year	**(56)**	(7,131)
	596	(6,843)

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

PRC EIT is calculated at 25% of the assessable profits for subsidiaries established in the PRC in accordance with the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

9. INCOME TAX EXPENSE (CREDIT) (CONTINUED)

The income tax credit 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:

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Profit before tax	**9,251**	2,665
Tax expense at the Hong Kong Profits Tax rate of 16.5%	**1,526**	440
Tax effect of expenses not deductible in determining taxable profit	**1,978**	3,104
Tax effect of income not assessable in determining taxable profit	**(3,404)**	(2,533)
Tax effect of tax loss not recognised	**18**	–
Tax effect of share of loss of a joint venture	**–**	8
Overprovision in respect of prior years, net	**(113)**	(3,359)
Tax effect of utilisation of tax losses previously not recognised	**–**	(65)
Recognition of tax loss previously not recognised	**–**	(734)
Utilisation of deductible temporary differences previously not recognised	**–**	(5,097)
Effect of different tax rates of operations in the PRC	**159**	1,051
Income tax at concessionary rate	**(67)**	(83)
Withholding tax	**499**	425
Income tax expense (credit) for the year	**596**	(6,843)

Details of the deferred taxation are set out in note 20.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

10. PROFIT FOR THE YEAR

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Profit for the year has been arrived at after charging:		
Auditor's remuneration	**1,700**	1,830
Cost of inventories recognised as expense (inclusive of allowance for inventories of HK$575,000 (2021: HK$13,155,000))	**709,296**	556,686
Depreciation and amortisation		
– depreciation of property, plant and equipment	**21,419**	15,741
– depreciation of investment properties	**114**	4,682
– depreciation of right-of-use assets	**6,547**	4,671
– amortisation of intangible assets (included in cost of sales)	**1,856**	1,856
	29,936	26,950
Capitalised in inventories	**(7,714)**	(6,714)
	22,222	20,236
Staff costs		
– directors' emoluments *(note 11)*	**5,376**	2,747
– other staff costs, comprising mainly salaries	**316,764**	284,749
– retirement benefits scheme contribution excluding those of directors'	**39,073**	20,938
	361,213	308,434
Capitalised in inventories	**(276,392)**	(232,205)
	84,821	76,229

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the eight (2021: nine) directors were as follows:

	Year ended 31 March 2022			
	Fees	Salaries and other benefits	Retirement benefits scheme contribution	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors				
Ku Ngai Yung, Otis	301	207	25	533
Ku Ka Yung	438	48	24	510
Chan Chi Sun	815	249	47	1,111
Ma Sau Ching	839	342	52	1,233
Liu Tao	–	1,544	13	1,557
	2,393	2,390	161	4,944
Independent non-executive directors				
Lee Kwong Yiu	144	–	–	144
Wong Che Man, Eddy	144	–	–	144
Chow Chi Fai	144	–	–	144
	432	–	–	432
	2,825	2,390	161	5,376

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

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

	Year ended 31 March 2021			
	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contribution HK$'000	Total HK$'000
Executive directors				
Ku Ngai Yung, Otis	174	207	19	400
Ku Ka Yung	317	48	18	383
Chan Chi Sun	450	249	35	734
Ma Sau Ching	441	342	39	822
Liu Tao (appointed on 1 March 2021)	–	79	5	84
	1,382	925	116	2,423
Independent non-executive directors				
Lo Wa Kei, Roy (resigned on 1 March 2021)	96	–	–	96
Lee Kwong Yiu	108	–	–	108
Wong Che Man, Eddy	108	–	–	108
Chow Chi Fai (appointed on 1 March 2021)	12	–	–	12
	324	–	–	324
	1,706	925	116	2,747

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

For the year ended 31 March 2022

12. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals of the Group during the year included three (2021: two) directors of the Company whose emoluments are set out in note 11. The emoluments of the remaining two (2021: three) individual was as follows:

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Salaries and other benefits	**1,400**	1,880
Retirement benefits scheme contribution	**36**	54
	1,436	1,934

The number of the highest paid individual who is not the directors of the Company whose remuneration fell within the following band is as follows:

	Year ended 31 March	
	2022	2021
	Number of employee	Number of employee
Nil to HK$1,000,000	**2**	3

During the years ended 31 March 2022 and 2021, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

13. DIVIDENDS

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

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

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

14. EARNINGS PER SHARE

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings in Hong Kong	Leasehold land and buildings in the PRC	Leasehold improvements	Plant and machinery	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST								
At 1 April 2020	8,043	112,593	315,477	439,436	151,097	9,866	6,193	1,042,705
Exchange adjustments	–	1,172	98	–	196	24	–	1,490
Additions	–	–	9,036	6,368	3,464	–	1,481	20,349
Transfer	–	–	2,028	–	–	–	(2,028)	–
Transfer from investment properties	131,617	–	–	–	–	–	–	131,617
Disposal/written off	–	–	–	(768)	(41)	(131)	–	(940)
At 31 March 2021	**139,660**	**113,765**	**326,639**	**445,036**	**154,716**	**9,759**	**5,646**	**1,195,221**
Exchange adjustments	**–**	**2,571**	**8,828**	**9,571**	**2,864**	**193**	**(20)**	**24,007**
Additions	**–**	**988**	**7,587**	**5,618**	**2,190**	**–**	**455**	**16,838**
Transfer	**–**	**–**	**498**	**–**	**–**	**–**	**(498)**	**–**
Transfer from investment properties	**–**	**7,706**	**–**	**–**	**–**	**–**	**–**	**7,706**
Disposal/written off	**–**	**–**	**(2,209)**	**(1,304)**	**(279)**	**(390)**	**–**	**(4,182)**
At 31 March 2022	**139,660**	**125,030**	**341,343**	**458,921**	**159,491**	**9,562**	**5,583**	**1,239,590**
DEPRECIATION AND IMPAIRMENT								
At 1 April 2020	3,606	31,736	294,756	412,327	132,915	7,788	–	883,128
Exchange adjustments	–	109	74	–	151	14	–	348
Provided for the year	161	2,256	2,999	3,340	6,311	674	–	15,741
Transfer from investment properties	12,859	–	–	–	–	–	–	12,859
Eliminated on disposals/write-off	–	–	–	(750)	(41)	(124)	–	(915)
At 31 March 2021	**16,626**	**34,101**	**297,829**	**414,917**	**139,336**	**8,352**	**–**	**911,161**
Exchange adjustments	**–**	**617**	**7,884**	**8,743**	**2,448**	**166**	**–**	**19,858**
Provided for the year	**4,698**	**2,182**	**4,551**	**3,969**	**5,382**	**637**	**–**	**21,419**
Transfer from investment properties	**–**	**925**	**–**	**–**	**–**	**–**	**–**	**925**
Eliminated on disposals/write-off	**–**	**–**	**(2,207)**	**(1,243)**	**(103)**	**(370)**	**–**	**(3,923)**
At 31 March 2022	**21,324**	**37,825**	**308,057**	**426,386**	**147,063**	**8,785**	**–**	**949,440**
CARRYING VALUE								
At 31 March 2022	**118,336**	**87,205**	**33,286**	**32,535**	**12,428**	**777**	**5,583**	**290,150**
At 31 March 2021	123,034	79,664	28,810	30,119	15,380	1,407	5,646	284,060

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The carrying amounts of owner-occupied leasehold land and buildings in the PRC of HK$20,500,000 (2021: HK$13,523,000) at the end of the year included both the leasehold land and building elements in property, plant and equipment, as in the opinion of the directors of the Company, allocations of the carrying amounts between the leasehold land and buildings elements cannot be made reliably. The land portions of the remaining owner-occupied properties were included in right-of-use asset.

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%

Details of the impairment assessment of the Group's property, plant and equipment relating to the business of manufacturing and trading of eyewear products as at 31 March 2022 and 2021 are set out in note 4.

At 31 March 2022, the Group's leasehold land and buildings in Hong Kong with a carrying amount of HK$114,220,000 (2021: HK$118,758,000) have been pledged to secure the bank borrowings granted to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

16. RIGHT-OF-USE ASSETS

	Leasehold lands	**Leased buildings**	**Total**
	HK$'000	HK$'000	HK$'000
As at 31 March 2022			
Carrying amount	2,764	11,528	14,292
As at 31 March 2021			
Carrying amount	2,856	10,862	13,718
For the year ended 31 March 2022			
Depreciation charge	**92**	**6,455**	**6,547**
Exchange adjustments	**–**	**(496)**	**(496)**
	92	**5,959**	**6,051**
For the year ended 31 March 2021			
Depreciation charge	92	4,579	4,671
Exchange adjustments	–	(2)	(2)
	92	4,577	4,669

	Year ended 31 March	
	2022	2021
	HK$'000	HK$'000
Expense relating to short-term lease and other leases with lease term end within 12 months of the date of initial application of HKFRS 16	**442**	291
Additions to right-of-use assets	**6,625**	4,505
Total cash outflow for leases	**12,932**	11,953

For both years, the Group leases various premises for its operations. Lease contracts are entered into for fixed term of 1 year to 10 years (2021: 1 year to 10 years) without any extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for office equipment. As at 31 March 2022 and 2021, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

16. RIGHT-OF-USE ASSETS (CONTINUED)

Except for the leasehold land components which the Group is the registered owner, the lease remaining agreements entered into by the Group do not impose any covenants other than the security interests in the certain leased assets that are held by the lessor and the leased assets may not be used as security for borrowing purposes.

Details of the impairment assessment of the Group's right-of-use assets relating to the business of manufacturing and trading of eyewear products are set out in note 4.

17. INVESTMENT PROPERTIES

During the years ended 31 March 2022 and 2021, the Group leases out various offices under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 2 years, with unilateral rights to extend the lease beyond initial period held by lessees only. The rental are fixed over the lease terms.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

17. INVESTMENT PROPERTIES (CONTINUED)

	HK$'000
COST	
At 1 April 2020	138,483
Transfer to property, plant and equipment	(131,617)
Exchange adjustments	577
At 31 March 2021	**7,443**
Transfer to property, plant and equipment	**(7,706)**
Exchange adjustments	**263**
At 31 March 2022	–
DEPRECIATION	
At 1 April 2020	8,904
Provided for the year	4,682
Transfer to property, plant and equipment	(12,859)
Exchange adjustments	54
At 31 March 2021	**781**
Provided for the year	**114**
Transfer to property, plant and equipment	**(925)**
Exchange adjustments	**30**
At 31 March 2022	–
CARRYING VALUE	
At 31 March 2022	–
At 31 March 2021	6,662

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

17. INVESTMENT PROPERTIES (CONTINUED)

During the year ended 31 March 2022, there was a transfer of investment properties situated in the PRC (2021: situated in Hong Kong) with carrying amount of HK$6,781,000 (2021: HK$118,758,000) to property, plant and equipment upon the expiration of operating lease arrangement and the commencement of owner-occupation of the properties.

As at 31 March 2021, the fair value of the Group's investment properties situated in the PRC with carrying amount of HK$6,662,000 was HK$7,218,000. The fair value of the investment properties situated in the PRC was determined based on market comparable approach, where the prices per unit square meter of the property are assessed by reference to market evidence of transaction prices for similar properties in the same location and conditions in the PRC.

The fair values of the Group's investment properties at 31 March 2021 have been arrived at on the basis of valuations carried out as at those dates by an independent qualified professional valuer of BMI Appraisals Limited, who is also a director of BMI Appraisals Limited and a member of the Hong Kong Institute of Surveyors.

The fair value measurements for all of the Group's investment properties as at 31 March 2021 are categorised as level 3 (see note 3). There has been no change to the valuation technique during the year ended 31 March 2021.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

18. INTANGIBLE ASSETS

	HK$'000
COST	
At 1 April 2020, 31 March 2021 and 2022	**55,684**
AMORTISATION	
At 1 April 2020	4,176
Charge for the year	1,856
At 31 March 2021	**6,032**
Charge for the year	**1,856**
At 31 March 2022	**7,888**
CARRYING VALUES	
At 31 March 2022	**47,796**
At 31 March 2021	49,652

Intangible assets represented trademarks purchased from an independent third party. The trademarks had finite useful lives and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method over the expected lives of the trademarks, which is determined to be 30 years.

Details of the impairment assessment of the Group's intangible assets are set out in note 4.

19. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Unlisted investment, at fair value		
Non-current asset:		
Convertible bond	**1,625**	–

The convertible bond is classified as non-current as the management expects to realise the financial asset over twelve months after the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

20. 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:

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Deferred tax assets	**(11,616)**	(11,563)
Deferred tax liabilities	**5,874**	5,877
	(5,742)	(5,686)

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	**ECL provision of trade receivables**	**Unrealised profit**	**Tax losses**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2020	5,690	(1,164)	2,302	(5,383)	1,445
Charge (credit) to profit or loss	1,718	(731)	(1,683)	(6,435)	(7,131)
At 31 March 2021	**7,408**	**(1,895)**	**619**	**(11,818)**	**(5,686)**
Charge (credit) to profit or loss	**3,646**	**675**	**(2,816)**	**(1,561)**	**(56)**
At 31 March 2022	**11,054**	**(1,220)**	**(2,197)**	**(13,379)**	**(5,742)**

At 31 March 2022, the Group has unused tax losses of HK$94,775,000 (2021: HK$74,040,000) available to offset against future profits. A deferred tax asset has been recognised in respect of HK$92,243,000 (2021: HK$71,623,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$2,532,000 (2021: HK$2,417,000) due to the unpredictability of future profit streams. The entire balance of the unrecognised tax losses as at 31 March 2022 and 2021 may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of HK$135,284,000 (2021: HK$120,349,000) relating to impairment of Long-lived assets, ECL provision of trade receivables and inventories write-down. No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

21. INVENTORIES

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Raw materials	**25,389**	35,030
Work in progress	**39,090**	55,990
Finished goods	**36,447**	25,507
	100,926	116,527

22. TRADE AND OTHER RECEIVABLES

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

22. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group normally allows a credit period of 30 to 120 days to its customers. No interest is charged on the trade receivables. As at 1 April 2020, gross carrying amount of trade receivables from contracts with customers amounted to HK$225,048,000.

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

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

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. Trade receivables that are neither past due nor impaired have good track records with the Group.

As at 31 March 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$13,336,000 (2021: HK$16,710,000) which are past due as at the reporting date. Out of the past due balances, HK$2,489,000 (2021: HK$2,505,000) has been past due 90 days or more and is not considered as in default since the management considered the past due balances can be repaid based on repayment history and taking into consideration of forward looking information.

Details of impairment assessment of trade and other receivables are set out in note 32.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

23. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Foreign currency forward contracts		
– assets	**224**	7
– liabilities	**136**	769

The derivative financial instruments mainly represent the foreign currency forward contracts. The Group has entered into 19 (2021: 21) United States dollars ("US$")/Renminbi ("RMB") contracts in which the Group is able to sell US$/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 2022		
US$11,200,000	April 2022 to June 2022	Sell US$/buy RMB at 6.3541 to 6.3775

Aggregate notional amount	Maturity	Forward exchange rates
As at 31 March 2021		
US$10,000,000	April 2021 to June 2021	Sell US$/buy RMB at 6.4665 to 6.5942

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

24. 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 2.15% (2021: 0.01% to 2.15%) per annum and have maturity of three months or less.

Details of the impairment assessment are set out in note 32.

25. TRADE AND OTHER PAYABLES

The Group is normally granted a credit period of 90 to 120 days from its suppliers. The following is an aging analysis of trade payables based on payment due date at the end of the reporting period:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

26. LEASE LIABILITIES

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Lease liabilities payable:		
Within one year	**9,893**	8,261
Within a period of more than one year but not more than two years	**6,304**	7,421
Within a period of more than two years but not more than five years	**3,817**	6,107
Within a period of more than five years	**568**	1,343
	20,582	23,132
Less: Amount due for settlement within 12 months shown under current liabilities	**(9,893)**	(8,261)
Amount due for settlement after 12 months shown under non-current liabilities	**10,689**	14,871

The weighted average incremental borrowing rate applied to lease liabilities is 4.67% (2021: range from 2.28% to 4.67%) per annum.

No lease obligations are denominated in currencies other than functional currencies of the relevant group entities.

Details of the lease maturity analysis of the Group's lease liabilities are set out in note 32.

27. REFUND LIABILITIES

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Arising from sales of products with a right of return/exchange	**2,077**	2,375

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

28. BANK BORROWINGS

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Secured bank borrowings, representing mortgage loan	**40,236**	42,437
The carrying amounts of the bank borrowings that contain a repayment on demand clause (show under current liabilities) but repayable:		
Within one year	**2,229**	2,197
Within a period of more than one year but not exceeding two years	**2,259**	2,229
Within a period of more than two years but not exceeding five years	**6,979**	6,880
Within a period of more than five years	**28,769**	31,131
	40,236	42,437

The loan carries interest at variable market rate of 1.3% per annum above 1-month HIBOR, with a cap interest of 3.1% below the Hong Kong dollar Prime Rate per annum quoted by the lending bank and are repayable by instalments over a period of 20 years with a repayable on demand clause.

The effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	As at 31 March	
	2022	2021
Effective interest rate:		
Variable-rate borrowings	**1.41%**	1.73%

The loan is secured by the Group's property, plant and equipment with a carrying amount of HK$114,220,000 (2021: HK$118,758,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

29. SHARE CAPITAL

	Number of ordinary shares	Nominal amount HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 April 2020, 31 March 2021 and 31 March 2022	500,000,000	50,000
Issued and fully paid:		
At 1 April 2020, 31 March 2021 and 31 March 2022	262,778,286	26,278

30. SHARE OPTIONS

Pursuant to a resolution passed on 22 August 2014 by the Company, a share option scheme of the Company (the "Share Option Scheme") that complies the Listing Rules with the amendments to Chapter 17 of the 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 the Company shall be entitled to, in its absolute discretion, grant options to eligible employees of the Company, or any of its subsidiaries, to subscribe for shares in the Company at a price which shall be the highest of (i) the closing price of the Company's shares quoted on the Stock Exchange on the date of offer of the share options; (ii) the average of the closing prices of the Company'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 the Company, if any, is 26,277,828, representing 10% of the issued share capital of the Company 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 the Company from time to time.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

31. 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 net debt, which includes the lease liabilities disclosed in note 26, bank borrowings disclosed in note 28, net of cash and cash equivalents and 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 and repayment of existing debt.

32. FINANCIAL INSTRUMENTS

(a) CATEGORIES OF FINANCIAL INSTRUMENTS

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Financial assets		
Amortised cost	**528,596**	545,544
FVTPL		
– Financial asset at FVTPL	**1,625**	–
– Derivative financial instruments	**224**	7
Financial liabilities		
Amortised cost	**157,231**	198,224
FVTPL		
– Derivative financial instruments	**136**	769
Lease liabilities	**20,582**	23,132

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade and other receivables, financial asset at FVTPL, derivative financial instruments, bank balances and cash, lease liabilities, bank borrowings 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 US$, 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 As at 31 March		**Liabilities As at 31 March**	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
US$	**416,506**	440,783	**16,934**	8,910
RMB	**5,496**	45,601	**4,306**	136,652
EUR	**440**	999	**729**	3,764
JPY	**281**	579	**1,219**	10,392

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)

For the year ended 31 March 2022

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) 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% (2021: 5%) increase and decrease in the relevant foreign currency against the functional currency of the relevant group entities. 5% (2021: 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 for US$ as the directors of the Company consider that the Group's exposure to US$ is insignificant on the ground that HK$ is pegged to US$. The sensitivity analysis adjusts their translation at the year end for a 5% (2021: 5%) change in foreign currency rates. A positive (negative) number below indicates an increase (a decrease) in post-tax profit where the relevant foreign currency weakens 5% (2021: 5%) against HK$. For a 5% (2021: 5%) strengthening of the relevant foreign currency against HK$, there would be an equal and opposite impact on profit or loss.

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
RMB impact	**(50)**	3,801
EUR impact	**12**	115
JPY impact	**39**	410

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances (note 24) and bank borrowings (note 28).

The Group is also exposed to fair value interest rate risk in relation to financial asset at FVTPL (note 19) and lease liabilities (note 26).

Management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant as the management does not anticipate a material change in interest rate on bank balances.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's HK$ denominated bank borrowings.

Sensitivity analysis

As at 31 March 2022 and 2021, 50 basis points increase/decrease in HIBOR are used which represents management's assessment of the reasonably possible change in interest rates. The changes was not significant to the consolidated financial statements. Accordingly, no sensitivity analysis was performed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, bank balances, deposits, amounts due from entities controlled by non-controlling shareholders of a subsidiary and other receivables. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables arising from contracts with customers

In order to minimise the credit risk, management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly. In this regard, management of the Group considers that the Group's credit risk is significantly reduced. In addition, the Group performs impairment assessment under ECL model on trade balances. Except for those with significant and credit-impaired balances which are assessed for ECL individually, the Group calculates the ECL on the remaining balances collectively by using a provision matrix, group by past due analysis.

The Group has concentration of credit risk with exposure limited to certain customers. At the end of reporting period, the Group's largest customer and five customers accounted for 36% (2021: 24%) and 78% (2021: 72%) of the Group's trade receivables respectively.

Bank balances

Although the bank balances are concentrated on certain counterparties, the credit risk on liquid funds are limited because the counterparties are banks with high credit ratings and quality.

Other receivables and deposits

The directors of the Company make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors of the Company believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended 31 March 2022 and 2021, the Group assessed the ECL for other receivables and deposits to be insignificant and thus no loss allowance was recognised.

The Group has no concentration of credit risk on other receivables and the credit risk is limited because the counterparties have good repayment history.

Other than the concentration of the credit risk on trade receivables and bank balances, the Group does not have any other significant concentration of credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk and impairment assessment (continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	NOTES	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount 2022 HK$'000	2021 HK$'000
Financial assets at amortised cost						
Bank balances	*24*	A to AA+	N/A	12m ECL	**323,931**	316,560
Deposits	*22*	N/A	*(Note i)*	12m ECL	**4,618**	4,446
Amounts due from entities controlled by non-controlling shareholders of a subsidiary	*22*	N/A	*(Note i)*	12m ECL	**–**	479
Other receivables	*22*	N/A	*(Note i)*	12m ECL	**812**	1,440
Trade receivables – contract with customers	*22*	N/A	Low risk	Lifetime ECL (individually assessed) (not credit-impaired)	**14,349**	38,948
			Watch list	Lifetime ECL (individually assessed) (not credit-impaired)	**147,443**	131,835
			(Note ii)	Lifetime ECL (provision matrix) (not credit-impaired)	**48,907**	65,788

Notes:

(i) For deposits, amounts due from entities controlled by non-controlling shareholders of a subsidiary and other receivables, the credit risk on the balances is low as they have good repayment history. Accordingly, the amount of ECL is insignificant.

(ii) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant and credit impaired balances which are assessed individually, the Group calculates the ECL on the remaining debtors by using a provision matrix, grouped by past due analysis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk and impairment assessment (continued)

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. Trade receivables with significant outstanding balances with gross carrying amounts of HK$161,792,000 as at 31 March 2022 (2021: HK$170,783,000) were assessed individually. Loss allowance for trade receivables with significant outstanding balances was amounted to HK$7,460,000 (2021: HK$11,268,000).

For the remaining debtors in relation to its eyewear products, contact lens products and royalty operation which consist of common risk characteristics that are representative of the customers' abilities to repay in accordance with the contractual terms are assessed collectively using a provision matrix based primarily on the debtors' ageing profiles. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at 31 March 2022 and 2021 within lifetime ECL (not credit-impaired).

	As at 31 March 2022		As at 31 March 2021	
	Average loss rate	**Trade receivables HK$'000**	Average loss rate	Trade receivables HK$'000
Current (not past due)	**1.69%**	**35,065**	1.54%	48,469
Overdue up to 90 days	**18.92%**	**9,598**	12.87%	14,594
Overdue more than 90 days	**41.23%**	**4,244**	17.69%	2,725
		48,907		65,788

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk and impairment assessment (continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) HK$'000	**Lifetime ECL (credit-impaired)** HK$'000	**Total** HK$'000
As at 1 April 2020	16,903	449	17,352
Changes due to financial instruments recognised as at 1 April 2020:			
– Impairment losses reversed	(17,334)	(469)	(17,803)
New financial assets originated	14,325	–	14,325
Exchange adjustments	479	20	499
As at 31 March 2021	**14,373**	–	**14,373**
Changes due to financial instruments recognised as at 1 April 2021:			
– Impairment losses reversed	**(14,224)**	–	**(14,224)**
New financial assets originated	**11,188**	–	**11,188**
Exchange adjustments	**280**	–	**280**
As at 31 March 2022	**11,617**	–	**11,617**

Changes in the loss allowance for trade receivables are mainly due to:

	Year ended 31 March			
	2022		2021	
	Increase/(decrease) in lifetime ECL		Increase (decrease) in lifetime ECL	
	Non-credit-impaired HK$'000	**Credit-impaired HK$'000**	Non-credit-impaired HK$'000	Credit-impaired HK$'000
Settlement in full of trade debtors with a gross carrying amount of HK$236,571,000 (2021: HK$225,048,000)	**(14,224)**	–	(17,334)	(469)
New trade receivables with gross carrying amount of HK$210,699,000 (2021: HK$236,571,000)	**11,188**	–	14,325	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

In addition, the following table also details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

Liquidity table

	Weighted average interest rate %	On demand or less than 1 month HK$'000	1–3 months HK$'000	3 months to 1 year HK$'000	1–5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.3.2022 HK$'000
31 March 2022								
Non-derivative financial instruments								
Trade and other payables	–	86,955	20,920	9,120	–	–	116,995	116,995
Bank borrowings	1.41	40,236	–	–	–	–	40,236	40,236
		127,191	20,920	9,120	–	–	157,231	157,231
Lease liabilities	4.67	922	1,845	8,009	10,740	590	22,106	20,582
Derivative-net settlement								
Derivative financial instruments	–	90	46	–	–	–	136	136

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

Liquidity table (continued)

	Weighted average interest rate %	On demand or less than 1 month HK$'000	1–3 months HK$'000	3 months to 1 year HK$'000	1–5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.3.2021 HK$'000
31 March 2021								
Non-derivative financial instruments								
Trade and other payables	–	75,274	45,746	34,767	–	–	155,787	155,787
Bank borrowings	1.73	42,437	–	–	–	–	42,437	42,437
		117,711	45,746	34,767	–	–	198,224	198,224
Lease liabilities	4.59	969	1,867	6,265	14,514	1,404	25,019	23,132
Derivative-net settlement								
Derivative financial instruments	–	392	377	–	–	–	769	769

Bank borrowings with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31 March 2022, the aggregate carrying amounts of these bank borrowings amounted to HK$40,236,000 (2021: HK$42,437,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be fully repaid seventeen years (2021: eighteen years) after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

Maturity Analysis – Bank borrowings with a repayment on demand clause based on scheduled repayments

	Weighted average interest rate %	**Less than 1 year** HK$'000	**1–2 years** HK$'000	**2–5 years** HK$'000	**Over 5 years** HK$'000	**Total undiscounted cash outflows** HK$'000	**Carrying amount** HK$'000
31 March 2022	**1.41**	**2,789**	**2,789**	**8,368**	**31,148**	**45,094**	**40,236**
31 March 2021	1.73	2,789	2,789	8,368	33,937	47,883	42,437

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

32. FINANCIAL INSTRUMENTS (CONTINUED)

(c) FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Some of the Group's financial instruments are measured at fair value on a recurring basis 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	Fair value as at 31 March 2022	Fair value as at 31 March 2021	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Derivative financial instruments *(note 23)*	Assets – HK$224,000 Liabilities – HK$136,000	Assets – HK$7,000 Liabilities – HK$769,000	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	N/A
Convertible bond *(note 19)*	Asset – HK$1,625,000	N/A	Level 3	Binomial option pricing model	Expected volatility of 38.89% *(Note)*

Note: No sensitivity analysis of the fair value measurement to changes in unobservable inputs was performed as the changes was not significant to the consolidated financial statements.

The movements in fair value measurements within Level 3 during the year are as follows:

	2022 HK$'000
Financial asset at FVTPL – unlisted:	
At 1 April	–
Acquired	1,560
Gains in profit or loss	65
At 31 March	1,625

There were no transfers into and out of Level 2 and Level 3 in the current and prior years.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured in amortised cost in the consolidated financial statements which are not measured at fair value on a recurring basis approximate their fair values at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

33. RECONCILIATION OF LIABILITIES ARISING FROM A FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from a financing activities, including both cash and non-cash changes. Liabilities arising from a financing activities are that for which cash flow was, or future cash flows will be classified in the Group's consolidated statement of cash flows as cash flow from financing activities.

	Bank borrowings HK$'000	Lease liabilities HK$'000	Dividend payable HK$'000	Total HK$'000
At 1 April 2020	44,544	29,192	–	73,736
Interest accrued	753	1,096	–	1,849
New lease entered	–	4,505	–	4,505
Financing cash flows	(2,860)	(11,662)	–	(14,522)
Exchange realignment	–	1	–	1
At 31 March 2021	**42,437**	**23,132**	**–**	**65,569**
Interest accrued	**585**	**1,204**	**–**	**1,789**
New lease entered	**–**	**6,625**	**–**	**6,625**
Dividends declared	**–**	**–**	**7,884**	**7,884**
Financing cash flows	**(2,786)**	**(12,490)**	**(7,884)**	**(23,160)**
Exchange realignment	**–**	**2,111**	**–**	**2,111**
At 31 March 2022	**40,236**	**20,582**	**–**	**60,818**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

34. OPERATING LEASING ARRANGEMENTS

THE GROUP AS A LESSOR

Undiscounted lease payments receivable on leases are as follows:

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Within one year	–	323
In the second year	–	148
	–	471

35. CAPITAL COMMITMENTS

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– Acquisition of property, plant and machinery	**1,305**	5,242
– Factory under construction or renovation	**313**	1,169
	1,618	6,411

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

36. RETIREMENT BENEFITS SCHEMES

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 benefits 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 benefits 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$39,234,000 (2021: HK$21,054,000) represents contributions paid and payable to these schemes by the Group in respect of the current financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

37. DISPOSAL OF A SUBSIDIARY

The net assets of the subsidiary at the date of disposal were as follows:

Consideration received:

	HK$'000
Cash received	480

Analysis of assets and liabilities over which control was lost:

	HK$'000
Bank balances	83
Accruals	(14)
Net assets disposed of	69

Gain on disposal of a subsidiary:

	HK$'000
Consideration received	480
Net assets disposed of	(69)
Non-controlling interests	34
Gain on disposal	445

Net cash inflow arising on disposal:

	HK$'000
Cash consideration	480
Less: bank balances disposed of	(83)
	397

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

38. RELATED PARTY DISCLOSURES

Other than as disclosed elsewhere in the consolidated financial statements, the Group had the following transactions and balances with related parties:

(a) RELATED PARTY BALANCES

Details of the outstanding balances with related parties are set out in the consolidated statement of financial position and in note 22.

(b) 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 11.

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)

For the year ended 31 March 2022

39. SUMMARISED FINANCIAL INFORMATION OF THE COMPANY

	As at 31 March	
	2022	2021
	HK$'000	HK$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**132,135**	130,519
Amounts due from subsidiaries	**193,573**	203,629
	325,708	334,148
CURRENT ASSETS		
Amounts due from subsidiaries	**4,000**	4,000
Other assets	**679**	413
	4,679	4,413
CURRENT LIABILITIES		
Amounts due to subsidiaries	**180,494**	180,714
Other liabilities	**230**	203
	180,724	180,917
NET CURRENT LIABILITIES	**(176,045)**	(176,504)
TOTAL ASSETS LESS CURRENT LIABILITIES	**149,663**	157,644
CAPITAL AND RESERVES		
Share capital	**26,278**	26,278
Share premium and reserve	**123,385**	131,366
	149,663	157,644

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

39. SUMMARISED FINANCIAL INFORMATION OF THE COMPANY (CONTINUED)

Movements of the Company's share premium and retained profits are as follows:

	Share premium HK$'000	**Retained profits** HK$'000	**Total** HK$'000
At 1 April 2020	78,945	52,495	131,440
Loss for the year	–	(74)	(74)
At 31 March 2021	**78,945**	**52,421**	**131,366**
Loss for the year	**–**	**(97)**	**(97)**
Dividends recognised as distribution	**–**	**(7,884)**	**(7,884)**
At 31 March 2022	**78,945**	**44,440**	**123,385**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

40. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries of the Company at 31 March 2022 and 2021 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 2022	2021	Principal activities
Sun Hing Optical International Group Limited *(Note i)*	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 ii)*	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 ii)*	The PRC	US$34,000,000	**100%**	100%	Manufacturing of optical frames, sunglasses and related products
深圳佰萊德貿易有限公司*(Note ii)*	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*(Notes ii & iii)*	The PRC	RMB4,000,000	–	51%	Sales of optical frames, sunglasses and related products
平頂山新暐眼鏡有限公司*(Note ii)*	The PRC	RMB10,000,000	**100%**	100%	Manufacturing of optical frames, sunglasses and related products
101 Studio Investment Limited	Hong Kong	HK$2	**100%**	100%	Trademark holding
SHV Holdings Limited	Hong Kong	HK$2	**100%**	100%	Properties holding
101 Studio (Eyecare) Limited	Hong Kong	HK$2	**100%**	100%	Trading of contact lens
Sun Tat Vietnam Optical Company Limited *(Note iv)*	Vietnam	USD2,941,000 (2021: USD4,000,000)	**100%**	100%	Manufacturing of optical frames, sunglasses and related products

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2022

40. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (CONTINUED)

Notes:

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

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

(iii) The subsidiary was deregistered during the year ended 31 March 2022.

(iv) The registered capital of Sun Tat Vietnam Optical Company Limited has reduced from USD4,000,000 at 31 March 2021 to USD2,941,000 at 31 March 2022.

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.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in Hong Kong and the BVI. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries As at 31 March	
		2022	2021
Investment holding	Hong Kong	**6**	7
	The BVI	**2**	2
		8	9

None of the subsidiaries had issued any debt securities subsisting at 31 March 2022 or at any time during the year.

FINANCIAL SUMMARY

RESULTS

	Year ended 31 March				
	2018 HK$'000	2019 HK$'000	2020 HK$'000	2021 HK$'000	**2022** **HK$'000**
Revenue	1,001,644	1,223,917	912,787	701,671	**876,741**
Profit (loss) before tax	74,708	84,749	(165,740)	2,665	**9,251**
Income tax (expense) credit	(10,435)	(12,230)	(79)	6,843	**(596)**
Profit (loss) for the year	64,273	72,519	(165,819)	9,508	**8,655**
Profit (loss) for the year attributable to:					
Owners of the Company	64,055	72,124	(165,913)	9,608	**9,091**
Non-controlling interests	218	395	94	(100)	**(436)**
	64,273	72,519	(165,819)	9,508	**8,655**

ASSETS AND LIABILITIES

	At 31 March				
	2018 HK$'000	2019 HK$'000	2020 HK$'000	2021 HK$'000	**2022** **HK$'000**
Total assets	1,127,798	1,213,295	1,032,741	1,067,589	**1,040,375**
Total liabilities	(189,902)	(259,446)	(277,240)	(296,989)	**(258,890)**
Shareholders' equity	937,896	953,849	755,501	770,600	**781,485**
Attributable to:					
Owners of the Company	937,817	953,417	755,085	770,147	**781,485**
Non-controlling interests	79	432	416	453	**–**
	937,896	953,849	755,501	770,600	**781,485**

CORPORATE INFORMATION

BOARD OF DIRECTORS
EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lee Kwong Yiu
Wong Che Man, Eddy
Chow Chi Fai

COMPANY SECRETARY

Lee Kar Lun, Clarence (resigned on 23 August 2021)
Kam Wing Kwok (appointed on 23 August 2021)

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

LEGAL ADVISER IN HONG KONG

King & Wood Mallesons

LEGAL ADVISER ON BERMUDA LAW

Conyers Dill & Pearman

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PRINCIPAL SHARE REGISTRAR

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HONG KONG BRANCH SHARE REGISTRAR

Union Registrars Limited
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PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
Citibank, N.A.
Chong Hing Bank Limited

WEBSITE

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SUN HING VISION GROUP HOLDINGS LIMITED
新 興 光 學 集 團 控 股 有 限 公 司

Stock Code 股份代號：125
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