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SUN HING VISION GROUP HOLDINGS LIMITED
新興光學集團控股有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 125)

RESULTS ANNOUNCEMENT
FINANCIAL YEAR ENDED 31 MARCH 2024

The board (the “Board”) of directors (the “Directors”) of Sun Hing Vision Group Holdings Limited (the “Company”) hereby announces the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2024 together with the comparative figures for last year as follows:

* For identification purposes only

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 MARCH 2024

| | | 2024 | 2023 |
|-----------------------------------------------------------------------------------|--------------|------------------------|------------------|
| | <i>NOTES</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Revenue | 3 | 702,343 | 704,914 |
| Cost of sales | | <u>(627,395)</u> | <u>(595,701)</u> |
| Gross profit | | 74,948 | 109,213 |
| Other income, gains and losses | 4 | 24,774 | 16,111 |
| Reversal of impairment losses on trade receivables, net | 5 | 2,642 | 3,569 |
| Impairment losses on property, plant and equipment | | – | (17,125) |
| Impairment losses on intangible assets | | – | (8,000) |
| Selling and distribution costs | | (34,517) | (30,517) |
| Administrative expenses | | (102,914) | (105,958) |
| Share of losses of joint ventures | | (2,001) | – |
| Finance costs | 6 | <u>(1,945)</u> | <u>(1,647)</u> |
| Loss before tax | | (39,013) | (34,354) |
| Income tax credit | 7 | <u>10,648</u> | <u>3,796</u> |
| Loss for the year attributable to owners of the Company | 8 | <u>(28,365)</u> | <u>(30,558)</u> |
| Other comprehensive expense | | | |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange difference arising on translation of foreign operations | | (15,541) | (20,674) |
| Share of other comprehensive expense of joint ventures | | <u>(184)</u> | <u>–</u> |
| | | <u>(15,725)</u> | <u>(20,674)</u> |
| Total comprehensive expense for the year attributable to owners of the Company | | <u>(44,090)</u> | <u>(51,232)</u> |
| | | <i>HK cents</i> | <i>HK cents</i> |
| Loss per share | | | |
| Basic | 10 | <u>(10.79)</u> | <u>(11.63)</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2024

| | | 2024 | 2023 |
|-------------------------------------------------------------------------------------------|--------------|-----------------|-----------------|
| | <i>NOTES</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 242,403 | 251,939 |
| Right-of-use assets | | 30,429 | 23,881 |
| Intangible assets | | 36,407 | 37,940 |
| Deposits paid for acquisition of property, plant and equipment and right-of-use assets | | 3,344 | 3,526 |
| Interests in joint ventures | | 3,315 | 1 |
| Deferred tax assets | | 26,576 | 15,467 |
| | | 342,474 | 332,754 |
| CURRENT ASSETS | | | |
| Inventories | | 106,219 | 92,155 |
| Trade and other receivables | 11 | 182,700 | 191,314 |
| Derivative financial instruments | | – | 110 |
| Tax recoverable | | 33 | 71 |
| Cash and cash equivalents | | 274,529 | 328,760 |
| | | 563,481 | 612,410 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 170,960 | 161,582 |
| Lease liabilities | | 7,691 | 5,983 |
| Refund liabilities | | 2,040 | 2,321 |
| Derivative financial instruments | | 169 | 31 |
| Tax payable | | 4,362 | 4,381 |
| Bank borrowings | | 36,120 | 38,140 |
| | | 221,342 | 212,438 |
| NET CURRENT ASSETS | | 342,139 | 399,972 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 684,613 | 732,726 |

| | 2024 <i>HK\$'000</i> | 2023 <i>HK\$'000</i> |
|-------------------------------------------------|--------------------------------|-------------------------|
| CAPITAL AND RESERVES | | |
| Share capital | 26,278 | 26,278 |
| Share premium and reserves | 644,117 | 696,091 |
| | <hr/> | <hr/> |
| Total equity | 670,395 | 722,369 |
| | <hr/> | <hr/> |
| NON-CURRENT LIABILITIES | | |
| Lease liabilities | 9,338 | 5,031 |
| Deferred tax liabilities | 4,880 | 5,326 |
| | <hr/> | <hr/> |
| | 14,218 | 10,357 |
| | <hr/> | <hr/> |
| TOTAL EQUITY AND NON-CURRENT LIABILITIES | 684,613 | 732,726 |
| | <hr/> <hr/> | <hr/> <hr/> |

Notes:

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

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

Basis of consolidation

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

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

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

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

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

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

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

2. APPLICATION OF AMENDMENTS TO HKFRSs

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2023 for the preparation of the consolidated financial statements:

| | |
|-----------------------------------------------------|----------------------------------------------------------------------------------|
| HKFRS 17 and related amendments | Insurance Contracts |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies |
| Amendments to HKAS 8 | Definition of Accounting Estimates |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendments to HKAS 12 | International Tax Reform – Pillar Two Model Rules |

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

Impact on application of 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.

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 has had no material impact on the Group's financial performance and positions, but has affected the disclosures of accounting policies.

Impact on application of 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 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 and reliable information.

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

The amendments had no impact on the consolidated financial statements of the Group.

Impact on application of Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to HKAS 12 narrow the scope of the initial recognition exemption of deferred tax liabilities and deferred tax assets so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

There was no impact on the consolidated statement of financial position because the related deferred tax balances qualify for offsetting under HKAS 12. There was no impact on the opening retained profits as at 1 April 2022. The key impact to the Group relates to the disclosures of the component of deferred tax assets and liabilities.

3. REVENUE AND SEGMENT INFORMATION

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

| | For the year ended 31 March 2024 | | |
|---------------------------------------|----------------------------------------|---------------------------|--------------------------|
| | Eyewear products <i>HK\$'000</i> | Others <i>HK\$'000</i> | Total <i>HK\$'000</i> |
| Types of goods or services | | | |
| Eyewear products | 700,442 | – | 700,442 |
| Royalty income | – | 1,901 | 1,901 |
| Revenue from contracts with customers | <u>700,442</u> | <u>1,901</u> | <u>702,343</u> |
| | | | |
| | For the year ended 31 March 2023 | | |
| | Eyewear products <i>HK\$'000</i> | Others <i>HK\$'000</i> | Total <i>HK\$'000</i> |
| Types of goods or services | | | |
| Eyewear products | 702,400 | – | 702,400 |
| Contact lens | – | 658 | 658 |
| Royalty income | – | 1,856 | 1,856 |
| Revenue from contracts with customers | <u>702,400</u> | <u>2,514</u> | <u>704,914</u> |

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, and 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 the right to return/exchange for dissimilar products under certain conditions. 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 |

Contact lens and trademarks segments are aggregated under "All other segments" for reporting purpose as this segment do not meet any of quantitative thresholds for determining reportable segments for the both years.

Information regarding the reportable segments 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 2024

| | Eyewear products <i>HK\$'000</i> | All other segments <i>HK\$'000</i> | Elimination <i>HK\$'000</i> | Consolidated <i>HK\$'000</i> |
|-----------------------------------------------|----------------------------------------|------------------------------------------|--------------------------------|---------------------------------|
| SEGMENT REVENUE | | | | |
| External sales | 700,442 | 1,901 | – | 702,343 |
| Inter-segment sales | – | 4,372 | (4,372) | – |
| | <u>700,442</u> | <u>6,273</u> | <u>(4,372)</u> | <u>702,343</u> |
| Segment results | <u>(42,625)</u> | <u>4,612</u> | <u>–</u> | <u>(38,013)</u> |
| Unallocated other income, gains and losses | | | | 13,130 |
| Central administration costs | | | | (10,184) |
| Share of losses of joint ventures | | | | (2,001) |
| Finance costs | | | | <u>(1,945)</u> |
| Loss before tax | | | | <u>(39,013)</u> |

For the year ended 31 March 2023

| | Eyewear products <i>HK\$'000</i> | All other segments <i>HK\$'000</i> | Elimination <i>HK\$'000</i> | Consolidated <i>HK\$'000</i> |
|-----------------------------------------------|----------------------------------------|------------------------------------------|--------------------------------|---------------------------------|
| SEGMENT REVENUE | | | | |
| External sales | 702,400 | 2,514 | – | 704,914 |
| Inter-segment sales | – | 4,174 | (4,174) | – |
| | <u>702,400</u> | <u>6,688</u> | <u>(4,174)</u> | <u>704,914</u> |
| Segment results | <u>(33,219)</u> | <u>3,989</u> | <u>–</u> | <u>(29,230)</u> |
| Unallocated other income, gains and losses | | | | 6,789 |
| Central administration costs | | | | (10,266) |
| Finance costs | | | | <u>(1,647)</u> |
| Loss before tax | | | | <u>(34,354)</u> |

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/loss on disposals of property, plant and equipment, fair value changes on financial asset at fair value through profit or loss (“FVTPL”) and others), central administration costs (mainly including salaries for the Company's directors) and finance costs.

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

Geographical information

The Group's operations are mainly located in Hong Kong and the Guangdong Province in the People's Republic of China (the "PRC"). The Group's information about its non-current assets (excluding deferred tax assets) 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 | |
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Hong Kong | 162,628 | 167,367 |
| Guangdong Province in the PRC | 133,964 | 130,004 |
| Others | 19,306 | 19,916 |
| | 315,898 | 317,287 |

| | Revenue from | |
|-----------------------------------------|----------------------------|-----------------|
| | external customers | |
| | Year ended 31 March | |
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Hong Kong and Macau | 46,047 | 42,510 |
| The PRC (excluding Hong Kong and Macau) | 101,118 | 63,977 |
| Japan | 27,021 | 29,777 |
| Italy | 233,186 | 287,766 |
| United States | 178,360 | 194,766 |
| Other countries | 116,611 | 86,118 |
| | 702,343 | 704,914 |

4. OTHER INCOME, GAINS AND LOSSES

| | Year ended 31 March | |
|------------------------------------------------------------------|----------------------|----------------------|
| | 2024 | 2023 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Other income | | |
| – Bank interest income | 11,596 | 5,718 |
| – Sales of scrap materials | 122 | 456 |
| – Government grants | | |
| Covid-19-related subsidies (<i>Note i</i>) | – | 1,750 |
| Others (<i>Note ii</i>) | 520 | 2,211 |
| – Income from subleasing right-of-use assets (<i>Note iii</i>) | 4,411 | 3,085 |
| – Others | 1,511 | 1,803 |
| | <u>18,160</u> | <u>15,023</u> |
| Other gains and losses | | |
| – Fair value changes on derivative financial instruments | (248) | (9) |
| – Fair value changes on financial asset at FVTPL | – | (1,625) |
| – Gain on early termination of lease | – | 38 |
| – Gain on disposals of property, plant and equipment | 23 | 893 |
| – Net foreign exchange gains | 6,839 | 1,791 |
| | <u>6,614</u> | <u>1,088</u> |
| | <u><u>24,774</u></u> | <u><u>16,111</u></u> |

Notes:

- (i) During the year ended 31 March 2023, the Group recognised government grants of HK\$1,750,000 in respect of Covid-19-related subsidies, which related to Employment Support Scheme provided by the Hong Kong government. No such government grants was recognised during the year ended 31 March 2024.
- (ii) Other government subsidies mainly represents subsidies for participating in the local electricity saving scheme and employments related subsidies, which are credited to profit or loss upon receipt as no future related costs is expected to be incurred nor related to any assets.
- (iii) The amount represents rental income recognised by a PRC subsidiary of the Company that is not engaged in property rental business.

5. REVERSAL OF IMPAIRMENT LOSSES ON TRADE RECEIVABLES, NET

| | Year ended 31 March | |
|---------------------------------------|---------------------|---------------------|
| | 2024 | 2023 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Net reversal of impairment losses on: | | |
| – Trade receivables | 2,642 | 3,569 |
| | <u><u>2,642</u></u> | <u><u>3,569</u></u> |

6. FINANCE COSTS

| | Year ended 31 March | |
|----------------------|---------------------|-----------------|
| | 2024 | 2023 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Interest expense on: | | |
| Bank borrowings | 1,105 | 863 |
| Lease liabilities | 840 | 784 |
| | <u>1,945</u> | <u>1,647</u> |

7. INCOME TAX CREDIT

| | Year ended 31 March | |
|--------------------------------------------------|---------------------|-----------------|
| | 2024 | 2023 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| The income tax (credit) expense comprises: | | |
| Current tax | | |
| – Hong Kong Profits Tax | 31 | 66 |
| – United States Withholding Tax | 570 | 557 |
| | <u>601</u> | <u>623</u> |
| Under (over) provision in respect of prior years | | |
| – Hong Kong Profits Tax | 20 | (20) |
| – PRC Enterprise Income Tax (“EIT”) | 286 | – |
| | <u>306</u> | <u>(20)</u> |
| Deferred taxation | | |
| – Current year | (11,555) | (4,399) |
| | <u>(10,648)</u> | <u>(3,796)</u> |

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 EIT (the “EIT Law”) and Implementation Regulation of the EIT Law.

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

8. LOSS FOR THE YEAR

| | Year ended 31 March | |
|-------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| | 2024 | 2023 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Loss for the year has been arrived at after charging: | | |
| Auditor's remuneration | 1,000 | 1,500 |
| Cost of inventories recognised as expense (inclusive of allowance for inventories of HK\$495,000 (2023: HK\$6,527,000)) | 623,059 | 590,219 |
| Depreciation and amortisation | | |
| – depreciation of property, plant and equipment | 15,770 | 20,809 |
| – depreciation of right-of-use assets | 7,835 | 6,989 |
| – amortisation of intangible assets (included in cost of sales) | <u>1,533</u> | <u>1,856</u> |
| | 25,138 | 29,654 |
| Capitalised in inventories | <u>(7,068)</u> | <u>(7,770)</u> |
| | <u>18,070</u> | <u>21,884</u> |
| Staff costs | | |
| – directors' emoluments | 4,583 | 4,504 |
| – other staff costs, comprising mainly salaries | 264,494 | 270,357 |
| – retirement benefits scheme contribution excluding those of directors | <u>34,779</u> | <u>35,984</u> |
| | 303,856 | 310,845 |
| Capitalised in inventories | <u>(230,391)</u> | <u>(236,256)</u> |
| | <u>73,465</u> | <u>74,589</u> |

9. DIVIDENDS

| | Year ended 31 March | |
|-----------------------------------------------------------------------------------|---------------------|--------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Dividends recognised as distribution during the year: | | |
| Special final, paid – HK1.5 cents paid for 2023 (2023: HK1.5 cents for 2022) | 3,942 | 3,942 |
| Special interim, paid – HK1.5 cents paid for 2024 (2023: HK1.5 cents for 2023) | 3,942 | 3,942 |
| | <u>7,884</u> | <u>7,884</u> |

Subsequent to the end of the reporting period, a final special dividend in respect of the year ended 31 March 2024 of HK1.5 cents (2023: final special dividend in respect of the year ended 31 March 2023 of HK1.5 cents) per ordinary share, in an aggregate amount of HK\$3,942,000 (2023: 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 2024 has been proposed by the directors of the Company (2023: nil).

10. LOSS PER SHARE

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

| | Year ended 31 March | |
|----------------------------------------------------------------------------------------------------|---------------------|--------------------|
| | 2024 | 2023 |
| Loss | | |
| Loss attributable to owners of the Company for the purposes of basic earnings per share (HK\$'000) | <u>(28,365)</u> | <u>(30,558)</u> |
| Number of shares | | |
| Number of ordinary shares for the purposes of basic loss per share | <u>262,778,286</u> | <u>262,778,286</u> |

Diluted loss per share is not presented for the years ended 31 March 2024 and 2023 as there was no potential ordinary share outstanding during both years.

11. TRADE AND OTHER RECEIVABLES

| | As at 31 March | |
|---------------------------------------------|----------------|----------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Trade debtors from contracts with customers | 159,933 | 173,980 |
| Less: Allowance for credit losses | (4,926) | (7,743) |
| | <u>155,007</u> | <u>166,237</u> |
| Prepayments | 3,392 | 3,069 |
| Deposits | 5,061 | 3,503 |
| Value-added tax and other receivables | 17,571 | 16,649 |
| Right to return goods assets | 1,669 | 1,856 |
| | <u>182,700</u> | <u>191,314</u> |

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 2022, gross carrying amount of trade receivables from contracts with customers amounted to HK\$210,699,000.

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

| | As at 31 March | |
|---------------------------|----------------|----------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Current | 131,496 | 146,397 |
| Overdue up to 90 days | 21,247 | 17,502 |
| Overdue more than 90 days | 7,190 | 10,081 |
| | <u>159,933</u> | <u>173,980</u> |

12. TRADE AND OTHER PAYABLES

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

| | As at 31 March | |
|------------------------------------|----------------|----------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| Trade payables | | |
| Current and overdue up to 90 days | 110,518 | 87,543 |
| Overdue more than 90 days | 1,250 | 6,466 |
| | <u>111,768</u> | <u>94,009</u> |
| Accruals | 46,154 | 54,811 |
| Value-added tax and other payables | 13,038 | 12,762 |
| | <u>170,960</u> | <u>161,582</u> |

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 2024 (2023: 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 Wednesday, 28 August 2024. The final special dividend is expected to be paid on or about Wednesday, 11 September 2024. The Directors will continue to monitor the dividend policy closely to ensure that an optimal balance can be achieved between the retention of sufficient liquidity in the Group to prepare for the future development ahead and the distribution of earnings to the shareholders respectively.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 12 August 2024 to Friday, 16 August 2024 (both days inclusive) and from Friday, 23 August 2024 to Wednesday, 28 August 2024 (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 Friday, 9 August 2024. 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 Thursday, 22 August 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 March 2024, the Group's consolidated turnover remained stable at around HK\$702 million (2023: HK\$705 million). During the year under review, our Group's original design manufacturing ("ODM") business was adversely affected by the dampened market demand for consumer products in the European and American markets due to rising inflationary pressure and reduction of consumers' purchasing power in these regions. However, these negative impacts on the Group's consolidated turnover were partially alleviated by the growth of our ODM business in the Asian region, and the significant rebound of our branded eyewear distribution business during the year. The Group's gross profit margin decreased to 10.67% (2023: 15.49%), which was mainly due to the effect of the lower selling prices caused by keen competition in the industry during the year under review. Nevertheless, loss for the year attributable to the owners of the Company slightly improved to HK\$28 million (2023: HK\$31 million), because there was no impairment loss for identified long-lived assets recognized for the year (2023: HK\$25 million). Basic loss per share also slightly improved to HK10.79 cents (2023: HK11.63 cents) for the year.

THE ODM BUSINESS

The Group's turnover from its ODM business decreased by 6.53% to HK\$515 million (2023: HK\$551 million), which accounted for 73.36% of the Group's total consolidated turnover. The drop in revenue was mainly due to the weakened consumer confidence and buying power in Europe and the United States as a result of the stubbornly high inflation rate and interest rates, as well as the geopolitical armed conflicts during the year. Customers in the regions became very cautious when making order placement decisions to the Group. Accordingly, the Group's ODM turnover to Europe and the United States decreased by 17.45% to HK\$265 million (2023: HK\$321 million) and by 8.38% to HK\$175 million (2023: HK\$191 million) respectively. On the other hand, our ODM sales to the Asian market demonstrated significant growth and increased by 94.74% to HK\$74 million (2023: HK\$38 million) as a result of our marketing efforts during the year. Europe, the United States and Asia are the top three markets of the Group's ODM business, and they accounted for 51.46%, 33.98% and 14.37% (2023: 58.26%, 34.66% and 6.90%) of the Group's total ODM turnover respectively. In terms of product mix, plastic frames, metal frames and others contributed 63%, 36% and 1% (2023: 64%, 35% and 1%) of the Group's ODM turnover respectively.

THE BRANDED EYEWEAR DISTRIBUTION BUSINESS

The Group's turnover from its branded eyewear distribution business grew by 22.52% to HK\$185 million (2023: HK\$151 million), which accounted for 26.35% of the Group's total consolidated turnover. During the year under review, our branded eyewear distribution business benefited from the continuous economic rebound of a number of Asian countries, in particular Mainland China, as a result of the easing of social and travel restrictions since late 2022 or early 2023 in these countries. In addition, the sales of our new product line under the reputable brand name of Fila during the period also contributed positively to the sales growth. Asia continued to be the most important market of the Group's branded eyewear distribution business, and it accounted for 98.38% (2023: 98.01%) of the Group's total distribution turnover.

OTHER BUSINESSES

For the year ended 31 March 2024, the Group's other businesses represented licensing income of HK\$2 million from an external party in connection with the trademark of Jill Stuart (2023: licensing income of HK\$2 million and turnover from branded contact lens business of HK\$1 million).

LIQUIDITY AND CAPITAL RESOURCES

The Group continued to maintain a strong liquidity and financial position. As at 31 March 2024, the Group held bank balances and cash of HK\$275 million. On the other hand, it also had outstanding bank borrowings of approximately HK\$36 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 2024 was 5.39%, 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 leasehold land and buildings situated in Hong Kong.

As at 31 March 2024, the net current assets and current ratio of the Group were approximately HK\$342 million and 2.55:1 respectively. The total equity attributable to owners of the Company decreased to HK\$670 million as at 31 March 2024 from HK\$722 million as at 31 March 2023. The Group's debtor turnover period improved to 81 days (2023: 86 days) while inventory turnover period increased to 62 days (2023: 56 days) during the year under review. The Group believes that its receivables and inventories were managed at a healthy level and will continue to closely monitor the debt collection status and inventory level in order to reduce risk and maximize working capital. The Directors are confident that the financial position of the Group will remain strong, and the Group has sufficient liquidity and financial resources to meet its present commitments and future business needs.

PROSPECTS

Given the present complicated geopolitical and macroeconomic environment, it is reasonable to expect that the tough business environment will continue for a longer period. High inflation and the interest rates are expected to stay longer, and the ongoing geopolitical military conflicts such as the Russia-Ukraine war and the Israel-Palestine conflict are also expected to last for a longer time. The above factors will continue to adversely affect consumers in different regions and in turn affect the future businesses of the Group. Market demand for eyewear products in the near future is therefore expected to be highly volatile, and input prices as well as operating costs for the Group are expected to remain at elevated levels for a period of time.

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 term. Furthermore, 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. Our new production lines in Vietnam started production officially during the year under review, which can further strengthen the stability and diversity of our product supply. In addition, marketing efforts will be further strengthened to acquire new projects from existing customers and open up new accounts.

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. Our new eyewear product line under the reputable brand name of Fila, which was first introduced in China during the year under review, has so far achieved satisfactory result in terms of both revenue and appreciation from customers. 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.

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

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance with a view to enhancing the management of the Company as well as to preserve the interests of the shareholders as a whole. The Board has adopted the principles and code provisions under the Corporate Governance Code (the "CG Code") set out in Appendix C1 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 2024, the Company has complied with all applicable code provisions in the CG Code which were effective during the period between 1 April 2023 and 31 March 2024, except for the deviation from Code C.2.1 of the CG Code as described below:

Code C.2.1 of the CG Code provides, *inter alia*, that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Mr. Ku Ngai Yung, Otis has been assuming the roles of both the chairman and chief executive officer of the Company since its establishment. The Board intends to maintain this structure in the future as it believes that it would provide the Group with strong and consistent leadership and allow the Group's business operations, planning and decision making as well as execution of long-term business strategies to be carried out more effectively and efficiently. The Board would review and monitor the situation on a regular basis and would ensure that the present structure would not impair the balance of power in the Company.

AUDIT COMMITTEE

An audit committee (the “Audit Committee”) has been established by the Company with written terms of reference to act in an advisory capacity and to make recommendations to the Board. The members of the Audit Committee comprised Mr. Chow Chi Fai (Chairman), Mr. Lee Kwong Yiu and Mr. Wong Che Man, Eddy, all of whom are independent non-executive Directors. Mr. Chow Chi Fai and Mr. Wong Che Man, Eddy are both qualified certified public accountants and possess the qualifications as required under rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a member of the former or existing auditors of the Group. The Audit Committee has adopted the principles set out in the CG Code. The duties of the Audit Committee include review of the interim and annual reports of the Group, effectiveness of internal audit function as well as various auditing, financial reporting, risk management and internal control matters with the management and/or external auditor of the Company. The Group’s consolidated financial statements for the year ended 31 March 2024 have been reviewed by the Audit Committee and audited by the Company’s external auditor, SHINEWING (HK) CPA Limited.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

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

The Company has adopted policy concerning diversity of Board members. Under such a policy, selection of the candidates to the Board is based on the Company's business model and specific needs with reference to a range of diversity perspectives, including but not limited to gender, age, language, culture, education background, professional knowledge and industry experience. The Company believes that a balanced and diversified board composition will help to stimulate new ideas and enhance the quality of the Group's decision making process. For the year ended 31 March 2024, the Company maintained an effective Board comprising members of different genders, professional background and industry experience. The Company's board diversity policy was consistently implemented. As at the date of this announcement, the Board consists of one female and seven male Directors.

The Nomination Committee has developed policies to ensure an appropriate balance of diversity in various aspects, including the skills, experience, and perspectives of the Board members. The nomination and appointment of members of the Board will continue to follow the principle of meritocracy based on business needs and consideration of the benefits of Board diversity. The principal responsibilities of the Nomination Committee are to identify persons qualified for being Directors and give sufficient consideration to the policy of Board diversity throughout the selection process. The Nomination Committee is responsible for reviewing the Board's diversity policy to ensure its effective implementation and ongoing compliance with the Board diversity requirements as outlined in the Listing Rules. This review will take place periodically, in accordance with the dates stipulated by the Listing Rules, and with reference to the Company's board diversity policy, which is subject to an annual review.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 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 enquiries to 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 2024.

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

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

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary announcement have been agreed by the Group's auditors, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 27 June 2024. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by SHINEWING (HK) CPA Limited on the preliminary announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This final results announcement is published on the websites of the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The annual report for the year ended 31 March 2024 will be published on the websites of the Company and the Stock Exchange and dispatched to the shareholders of the Company (upon request) in due course.

APPRECIATION

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

On behalf of the Board
Ku Ngai Yung, Otis
Chairman

Hong Kong, 27 June 2024

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