

INTERIM REPORT

2020/2021中報

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SUN HING VISION GROUP HOLDINGS LIMITED

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Ku Ngai Yung, Otis – *Chairman*

Ku Ka Yung – *Deputy Chairman*

Chan Chi Sun

Ma Sau Ching

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lo Wa Kei, Roy

Lee Kwong Yiu

Wong Che Man, Eddy

COMPANY SECRETARY

Lee Kar Lun, Clarence

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISER IN HONG KONG

King & Wood Mallesons

LEGAL ADVISER ON BERMUDA LAW

Conyers Dill & Pearman

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

1001C, 10th Floor, Sunbeam Centre

27 Shing Yip Street, Kwun Tong

Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR

Codan Services Limited

Clarendon House, 2 Church Street

Hamilton HM 11

Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Union Registrars Limited

Suites 3301–04, 33/F.

Two Chinachem Exchange Square

338 King's Road

North Point

Hong Kong

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited

Citibank, N.A.

Chong Hing Bank Limited

WEBSITE

www.sunhingoptical.com

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period under review as a result of the global outbreak of the coronavirus, the business environment became unprecedentedly challenging as global business activities significantly slowed down due to the implementation of travel restrictions and social distancing measures by the United States and most of the countries in Europe and Asia. Given such a backdrop, the Group recorded a significant decrease in consolidated turnover by 40.81% to HK\$291 million (2019: HK\$492 million) for the six months ended 30 September 2020, which led to diseconomies of scale caused by such sudden drop of business volume. The Group's profitability also substantially declined and its gross profit margin dropped to 13.22% (2019: 18.77%) accordingly. Significant efforts were made to temporarily adjust the Group's scale of operation and cut down discretionary spending, but the effect of such actions was not able to completely offset the negative impact caused by the rapidly deteriorating environment. As a result, the loss attributable to the owners of the Company and the loss per share further increased to HK\$12 million (2019: HK\$9 million) and HK4.59 cents (2019: HK3.27 cents) respectively in comparison to those of the last review period.

THE ODM BUSINESS

The Group's turnover from its original design manufacturing ("ODM") business decreased by 43.90% to HK\$216 million (2019: HK\$385 million), which accounted for 74.23% of the Group's total consolidated turnover. In the first quarter of 2020/21 fiscal year, the United States and certain European countries like Italy were shut down or subject to varying degrees of restrictions due to the spread of coronavirus to these regions. Most of the Group's customers in the affected regions deferred their shipments and product launch schedules, which significantly disrupted the Group's sales plan as well as its operation. Despite the slight rebound of sales order volume in the month before the end of the interim period, the overall demand for the Group's products during the entire review period remained weak in comparison to that of the pre-pandemic level. As a result, the Group's ODM turnover to Europe and the United States decreased by 46.04% to HK\$109 million (2019: HK\$202 million) and by 46.45% to HK\$83 million (2019: HK\$155 million) respectively. Europe and the United States continued to be the two largest markets of the Group's ODM business. They accounted for 50.46% and 38.43% of the Group's total ODM turnover respectively. In terms of product mix, plastic frames, metal frames and others contributed 51%, 48% and 1% (2019: 49%, 50% and 1%) of the Group's ODM turnover respectively, which was relatively stable in comparison to that of the last review period.

MANAGEMENT DISCUSSION AND ANALYSIS

THE BRANDED EYEWEAR DISTRIBUTION BUSINESS

The Group's turnover from its branded eyewear distribution business decreased by 35.42% to HK\$62 million (2019: HK\$96 million), which accounted for 21.31% of the Group's total consolidated turnover. During the period under review, the economy of Asia, which is the largest market of the Group's branded eyewear distribution business, was hardly hit by the spread of coronavirus. Among the Asian countries, it was observed that market demand for eyewear products in China was the first to rebound due to the gradual removal of social distancing restrictions imposed by Chinese government since March 2020. However, the business volume for the Group's branded eyewear distribution business still could not return to the pre-pandemic level. In addition, many other Asian countries were still subject to different levels of health and safety control that impeded business activities during the review period. Asia accounted for 98.52% (2020: 97.92%) of the Group's total eyewear distribution turnover.

THE BRANDED CONTACT LENS BUSINESS

For the six months ended 30 September 2020, the Group's turnover from its branded contact lens business increased by 37.50% to HK\$11 million (2019: HK\$8 million), which accounted for 3.78% of the Group's total consolidated turnover. Despite such rebound in business, the market demand for the Group's cosmetic contact lens was still weak due to their highly consumer discretionary nature and consumers' tendency to avoid unnecessary spending under such uncertain economic environment deeply disrupted by the outbreak of the coronavirus.

OTHER BUSINESSES

For the six months ended 30 September 2020, the Group received a licensing income of HK\$1 million (2019: HK\$1 million) from an external party in connection with the trademark of Jill Stuart. In addition, it received a rental income of HK\$1 million (2019: HK\$1 million) from external parties for certain investment properties situated in Hong Kong.

LIQUIDITY AND CAPITAL RESOURCES

The Group continued to maintain a strong liquidity and financial position. It recorded a net cash inflow of HK\$56 million from operations during the period under review. As at 30 September 2020, the Group held a cash and bank balance of HK\$347 million. It also had an outstanding bank borrowing of approximately HK\$44 million, which is repayable by installments over a period of 20 years with a repayable on demand clause. The debt-to-equity ratio (expressed as a percentage of bank borrowings over equity attributable to owners of the Company) as at 30 September 2020 was 5.83%, which is considered to be healthy and reasonable in view of the Group's business nature. The bank borrowing of the Group was secured by the Group's investment properties situated in Hong Kong.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 September 2020, the net current assets and current ratio of the Group were approximately HK\$390 million and 2.6:1 respectively. The total equity attributable to owners of the Company decreased to HK\$746 million as at 30 September 2020 from HK\$755 million as at 31 March 2020. Due to the general sluggish economic environment, collection of the Group's receivables slightly slowed down, and this caused the debtor turnover period to increase to 96 days from 89 days in the corresponding prior interim period. The Group believes that its receivables were still maintained at a healthy level and will further strengthen its credit control in order to reduce credit risk and maximize working capital. Due to the need to replenish the inventories in response to the stronger orders from customers in the third quarter of 2020/21 fiscal year, the Group's inventory turnover period increased to 81 days from 58 days in the corresponding prior interim period. The Group will closely monitor its inventory consumption and further streamline its material requisition plan so that it can improve the upcoming inventory turnover and manage its stock at an optimal level. 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.

In light of the challenging business environment, the Directors do not recommend the payment of interim dividend for the six months ended 30 September 2020. 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.

FOREIGN EXCHANGE EXPOSURE

Most of the Group's transactions were conducted in the U.S. dollars, Hong Kong dollars and Renminbi. In addition, the majority of the Group's assets were also kept in these currencies. Other than the potential exposure to the gradual change 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 about 4,000 people as at 30 September 2020. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGES ON GROUP'S ASSETS AND CONTINGENT LIABILITIES

Details of the charges on the Group's assets are set out in Note 12 to the condensed consolidated financial statements. As at 30 September 2020, there were no significant contingent liabilities other than those disclosed in the condensed consolidated financial statements.

CAPITAL COMMITMENTS

Details of the Group's capital commitments are set out in Note 14 to the condensed consolidated financial statements.

PROSPECTS

It is expected that the business environment ahead will continue to be tough and uncertain. At the time of writing this report, many countries are still being exposed to the risk of having a new wave of coronavirus outbreak. There is no guarantee that any vaccine, supported with mass immunization program, will be introduced in near future that can effectively control the spread of virus. It is expected that it will be a long road for the market to resume its growth momentum and let consumers rebuild their confidence on spending even if the virus can be later under control. Furthermore, the relationship between China and the United States, which is a key factor significantly affecting the pace of recovery of the global economy, is still tense. It is uncertain whether such relationship can improve after the recent presidential election in the United States. For the above reasons, although there are signs that orders from customers are stronger in the second half of the current fiscal year, the Directors still anticipate that the market demand for eyewear products in the future will be highly volatile and it takes time for the Group's business volume to be fully restored to the pre-pandemic level.

Due to the expectation that the challenging business environment may persist at least in the coming few quarters, the Group understands that it is important to preserve its financial strength. In this regard, measures will continue to be carried out to increase efficiency, reduce cost and improve liquidity. The Group will further manage its cost structure to reduce the level of fixed costs through projects like the outsource of non-core services, labour force optimization and production efficiency enhancement. Capital expenditures will be managed in a very prudent manner without compromising the needs for strategic investments in key areas. Although the project to set up a production facility in Vietnam is currently deferred due to the coronavirus outbreak, the Group will resume the project once the situation becomes more certain. Furthermore, the Group will continue to maintain a flexible operating capacity and supply chain, so that it can swiftly adjust its scale of operation in accordance with market demand. In addition, the Group's debt collection function and inventory management will be further strengthened to enhance working capital efficiency. The above measures will help the Group survive the highly challenging and volatile business landscape ahead.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group will continue to explore new business opportunities. E-commerce is proven to be a solid channel with strong potential growth even during the pandemic crisis. The Group will therefore spend resources to enhance its related infrastructure and collaborate with strategic partners to distribute its products online, on top of the brick-and-mortar stores, especially in China and emerging markets like India. The economic disruption caused by coronavirus outbreak has a profound impact on consumers' confidence on spending and their buying behavior. In response to the changing preferences of consumers, the Group will further enrich its product scope by introducing collections at more affordable price points that incorporate designs tailor-made for each important specific market segment.

Looking ahead, the business environment in the coming future will be full of challenges. We will carefully execute the plans and measures above to improve profitability, preserve financial strength and enhance our long term competitiveness. Despite the short-term pressure on profitability, we are confident that we can overcome the difficulties ahead and continue to create long-term value for our shareholders and deliver the objective to achieve sustainable growth in the long run.

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance with a view to enhance the management of the Company as well as to preserve the interests of the shareholders as a whole. The Board has adopted and complied with the code provisions set out in the Corporate Governance Code (the "CG Code") and the Corporate Governance Report contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") which were effective during the reporting period, except for the deviation from code provision A.2.1 of the CG Code.

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

MANAGEMENT DISCUSSION AND ANALYSIS

AUDIT COMMITTEE

An audit committee has been established by the Company with written terms of reference to act in an advisory capacity and to make recommendations to the Board. The members of the audit committee comprise the three independent non-executive directors of the Company, who are Mr. Lo Wa Kei, Roy (Chairman), Mr. Lee Kwong Yiu and Mr. Wong Che Man, Eddy. Mr. Lo Wa Kei, Roy and Mr. Wong Che Man, Eddy are both qualified certified public accountants and possess the qualifications as required under rule 3.21 of the Listing Rules. None of the members of the audit committee is a member of the former or existing auditors of the Group. The audit committee has adopted the principles set out in the CG Code. The duties of the audit committee include review of the interim and annual reports of the Group as well as various auditing, financial reporting, internal control and risk management matters with the management and/or external auditor of the Company. The Group's unaudited condensed consolidated financial statements for the six months ended 30 September 2020 have been reviewed by the audit committee together with the Company's external auditor Deloitte Touche Tohmatsu.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

The Company has adopted policy concerning diversity of Board members. Under such a policy, selection of the candidates to the Board is based on the Company's business model and specific needs with reference to a range of diversity perspectives, including but not limited to gender, age, language, culture, education background, professional knowledge and industry experience. The Company believes that a balanced and diversified board composition will help to stimulate new ideas and enhance the quality of the Group's decision making process. For the six months ended 30 September 2020, the Company maintained an effective Board which comprised members of different gender, professional background and industry experience. The Company's board diversity policy was consistently implemented.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding directors' securities transactions on terms no less exacting than the required standard under the Model Code. Having made specific enquiry of all directors, the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the six months ended 30 September 2020.

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

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

APPRECIATION

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

On behalf of the Board
Ku Ngai Yung, Otis
Chairman

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

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TO THE BOARD OF DIRECTORS 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)

INTRODUCTION

We have reviewed the condensed 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 12 to 33, which comprise the condensed consolidated statement of financial position as of 30 September 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

27 November 2020

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 September 2020

	NOTES	Six months ended	
		30.9.2020 HK\$'000 (unaudited)	30.9.2019 HK\$'000 (unaudited)
Revenue			
Goods		289,302	489,341
Rental		1,022	1,474
Royalty		716	909
Total revenue	4	291,040	491,724
Cost of sales		(252,559)	(399,447)
Gross profit		38,481	92,277
Other income, gains and losses		4,366	(3,064)
Reversal (provision) of impairment losses on trade receivables, net		4,677	(480)
Selling and distribution costs		(8,589)	(15,080)
Administrative expenses		(51,246)	(78,737)
Share of loss of a joint venture		(48)	(441)
Finance costs		(1,003)	(1,227)
Loss before tax		(13,362)	(6,752)
Income tax credit (expense)	5	1,354	(1,643)
Loss for the period	6	(12,008)	(8,395)
Other comprehensive income (expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		3,151	(2,889)
Share of other comprehensive expense of a joint venture		(2)	(19)
		3,149	(2,908)
Total comprehensive expense for the period		(8,859)	(11,303)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 September 2020

	NOTES	Six months ended	
		30.9.2020 HK\$'000 (unaudited)	30.9.2019 HK\$'000 (unaudited)
<hr/>			
(Loss) profit for the period attributable to:			
Owners of the Company		(12,066)	(8,592)
Non-controlling interests		58	197
		<hr/>	<hr/>
		(12,008)	(8,395)
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Total comprehensive expense (income) for the period attributable to:			
Owners of the Company		(8,983)	(11,399)
Non-controlling interests		124	96
		<hr/>	<hr/>
		(8,859)	(11,303)
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Loss per share in HK cents			
Basic	8	(4.59)	(3.27)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September 2020

	NOTES	30.9.2020 HK\$'000 (unaudited)	31.3.2020 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	168,884	159,577
Right-of-use assets	9	11,583	13,882
Investment properties	9	127,494	129,579
Intangible assets		50,580	51,508
Interest in a joint venture		–	50
Deposit paid for acquisition of property, plant and equipment and right-of-use assets	9	12,827	16,592
Deferred tax assets		4,693	4,806
		376,061	375,994
CURRENT ASSETS			
Inventories		112,444	125,865
Trade and other receivables	10	165,063	218,842
Derivative financial instruments	17	214	7
Tax recoverable		3,221	3,227
Bank balances and cash		347,088	308,806
		628,030	656,747
CURRENT LIABILITIES			
Trade and other payables	11	178,132	187,173
Lease liabilities		8,758	10,196
Refund liabilities		2,107	2,660
Derivative financial instruments	17	45	382
Tax payable		5,107	7,038
Bank borrowings	12	43,513	44,544
		237,662	251,993
NET CURRENT ASSETS		390,368	404,754
TOTAL ASSETS LESS CURRENT LIABILITIES		766,429	780,748

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September 2020

	NOTES	30.9.2020 HK\$'000 (unaudited)	31.3.2020 HK\$'000 (audited)
CAPITAL AND RESERVES			
Share capital	13	26,278	26,278
Share premium and reserves		719,824	728,807
Equity attributable to owners of the Company		746,102	755,085
Non-controlling interests		540	416
		746,642	755,501
NON-CURRENT LIABILITIES			
Deferred tax liabilities		4,561	6,251
Lease liabilities		15,226	18,996
		19,787	25,247
TOTAL EQUITY AND NON-CURRENT LIABILITIES		766,429	780,748

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2020

	Attributable to owners of the Company					Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 (Note)	Translation reserve HK\$'000	Retained profits HK\$'000			
At 1 April 2019 (audited)	26,278	78,945	18,644	(3,374)	832,924	953,417	432	953,849
(Loss) profit for the period	-	-	-	-	(8,592)	(8,592)	197	(8,395)
Exchange difference arising on translation of foreign operations	-	-	-	(2,788)	-	(2,788)	(101)	(2,889)
Share of other comprehensive expense of a joint venture	-	-	-	(19)	-	(19)	-	(19)
Total comprehensive (expense) income for the period	-	-	-	(2,807)	(8,592)	(11,399)	96	(11,303)
Dividends recognised as distribution (note 7)	-	-	-	-	(26,278)	(26,278)	-	(26,278)
At 30 September 2019 (unaudited)	26,278	78,945	18,644	(6,181)	798,054	915,740	528	916,268
At 1 April 2020 (audited)	26,278	78,945	18,644	(5,573)	636,791	755,085	416	755,501
(Loss) profit for the period	-	-	-	-	(12,066)	(12,066)	58	(12,008)
Exchange difference arising on translation of foreign operations	-	-	-	3,085	-	3,085	66	3,151
Share of other comprehensive expense of a joint venture	-	-	-	(2)	-	(2)	-	(2)
Total comprehensive income (expense) for the period	-	-	-	3,083	(12,066)	(8,983)	124	(8,859)
At 30 September 2020 (unaudited)	26,278	78,945	18,644	(2,490)	624,725	746,102	540	746,642

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 September 2020

	Six months ended	
	30.9.2020 HK\$'000 (unaudited)	30.9.2019 HK\$'000 (unaudited)
Net cash from operating activities	56,430	24,358
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(12,374)	(22,021)
Deposit paid for acquisition of property, plant and equipment and right-of-use assets	(658)	(2,269)
Interest received	1,179	2,478
Proceeds from disposal of property, plant and equipment	–	463
Net cash used in investing activities	(11,853)	(21,349)
FINANCING ACTIVITIES		
Repayment of lease liabilities	(5,208)	(9,476)
Repayment of bank borrowings	(1,031)	(972)
Interest paid	(1,003)	(526)
Dividends paid	–	(26,278)
Net cash used in financing activities	(7,242)	(37,252)
Net increase (decrease) in cash and cash equivalents	37,335	(34,243)
Cash and cash equivalents at beginning of the period	308,806	358,768
Effect of foreign exchange rate changes	947	(832)
Cash and cash equivalents at end of the period, representing bank balances and cash	347,088	323,693

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2020

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2020.

APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current interim period, the Group has applied the “Amendments to References to the Conceptual Framework in HKFRS Standards” and the following amendments to HKFRSs issued by the HKICPA for the first time which are mandatory effective for the annual period beginning on or after 1 April 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest rate Benchmark Reform

In addition, the Group has early adopted the Amendment to HKFRS 16 “Covid-19 – Related Rent Concessions”.

Except as described below, the application of the “Amendments to References to the Conceptual Framework in HKFRS Standards” and the amendments to HKFRSs in the current period has had no material impact on the Group’s financial position and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2020

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

IMPACTS OF APPLICATION ON AMENDMENTS TO HKAS 1 AND HKAS 8 “DEFINITION OF MATERIAL”

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity”. The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole. The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 March 2021.

IMPACTS ON EARLY APPLICATION OF AMENDMENTS TO HKFRS 16 “COVID-19-RELATED RENT CONCESSIONS”

The Group has early applied the amendment for the first time in the current interim period. The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- 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 2021; 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 “Leases” if the changes were 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.

The application of the amendment had no impact to the opening retained profit at 1 April 2020. The Group has benefited from lease payments of one month on several leases in the People’s Republic of China (“PRC”). The change in lease payments that resulted from rent concessions had no material impact to the profit or loss for the current interim period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2020

3. SIGNIFICANT EVENTS IN THE CURRENT INTERIM PERIOD AND ESTIMATED IMPAIRMENT OF IDENTIFIED LONG-LIVED ASSETS (AS DEFINED BELOW)

The outbreak of Covid-19 and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had negative impacts to the global economy and business environment which would directly and indirectly affect the operations of the Group. Combining with the effect of reduction of worldwide market demand and deferred orders from its customers for eyewear products due to the deterioration of the macroeconomic environment, the sales volumes of eyewear products and the average utilisation rate of the Group's existing production capacity decreased. As such, the financial position and performance of the Group were affected in different aspects, including decrease in revenue, increase in government grants in respect of Covid-19-related subsidies (see note 6) and rent concessions from certain lessors (see note 2) due to these factors.

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, deposits paid for acquisition of property, plant and equipment and right-of-use asset and deferred tax assets (the "Identified Long-lived Assets"), are stated at costs less accumulated depreciation/amortisation and impairment, if any. During the current interim period and the year ended 31 March 2020, in view of the factors as described above, the management of the Group concluded there was indication for impairment and conducted impairment assessments on the recoverable amounts of the Identified Long-lived Assets.

As at 31 March 2020, based on the result of the assessment, management of the Group determined that the recoverable amount of the cash-generating unit is lower than the carrying amount. The impairment amount has been allocated such that the carrying amounts of the Identified Long-lived Assets are not reduced below the highest of their respective fair value less cost of disposal, value in use and zero. Based on the value in use calculation and the allocation, impairment losses of HK\$112,000,000 and HK\$18,000,000 have been recognised against the carrying amounts of property, plant and equipment and right-of-use assets respectively during the year ended 31 March 2020.

For the current interim period, based on the result of the assessment, management of the Group determined that no additional impairment loss is required (six month ended 30 September 2019: no impairment loss have been recognised) against the Identified Long-lived Assets. As at 30 September 2020, the accumulated impairment losses of property, plant and equipment and right-of-use assets amounted to HK\$112,000,000 and HK\$18,000,000 respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2020

4. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers is as follows:

Segments	For the six months ended 30.9.2020			For the six months ended 30.9.2019		
	Eyewear products	Contact lens	Others	Eyewear products	Contact lens	Others
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Types of goods or services						
Manufacturing and trading of eyewear products	278,168	–	–	480,946	–	–
Trading of contact lens	–	11,134	–	–	8,395	–
Granting license of trademarks	–	–	716	–	–	909
	278,168	11,134	716	480,946	8,395	909
Timing of revenue recognition						
A point in time	278,168	11,134	–	480,946	8,395	–
Over time	–	–	716	–	–	909
Total	278,168	11,134	716	480,946	8,395	909

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2020

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

	For the six months ended	
	30.9.2020 HK\$'000	30.9.2019 HK\$'000
Eyewear products	278,168	480,946
Contact lens	11,134	8,395
Others – royalty income	716	909
Revenue from contracts with customers	290,018	490,250
Leases	1,022	1,474
	291,040	491,724

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

- Eyewear products – manufacturing and trading of eyewear products
- Contact lens – trading of contact lens products
- Others – granting license of trademarks and leasing of properties in Hong Kong

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2020

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

FOR THE SIX MONTHS PERIOD ENDED 30 SEPTEMBER 2020

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2020

4. REVENUE AND SEGMENT INFORMATION (CONTINUED) FOR THE SIX MONTHS PERIOD ENDED 30 SEPTEMBER 2019

	Eyewear products HK\$'000	Contact lens HK\$'000	Others HK\$'000 (Note)	Elimination HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE					
External sales	480,946	8,395	2,383	–	491,724
Inter-segment sales	–	–	2,293	(2,293)	–
	480,946	8,395	4,676	(2,293)	491,724
Segment results	(6,292)	119	1,380	–	(4,793)
Unallocated other income, gains and losses					2,943
Central administration costs					(3,234)
Share of loss of a joint venture					(441)
Finance costs					(1,227)
Loss before tax					(6,752)

Note: Included in others was royalty income from granting license of trademarks amounted to HK\$2,425,000 (30 September 2019: HK\$3,202,000). The related inter-segment sales is amounted to HK\$1,709,000 (30 September 2019: HK\$2,293,000).

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, government grants in respect of Covid-19-related subsidies and gain on disposal of property, plant and equipment and others), central administration costs (mainly including directors' salaries), finance costs, and share of result of a joint venture.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2020

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

GEOGRAPHICAL INFORMATION

The Group's operations are located in Hong Kong and the Guangdong Province in the PRC. The Group's information about its revenue from external customers analysed by location of the customers are detailed below:

	Six months ended	
	30.9.2020	30.9.2019
	HK\$'000	HK\$'000
Place of domicile of the relevant group entity:		
– Hong Kong	18,263	24,387
– The PRC	43,414	49,264
Other places:		
– Japan	22,460	22,532
– Italy	100,776	172,075
– United States	84,082	156,881
– Other countries	22,045	66,585
	291,040	491,724

5. INCOME TAX (CREDIT) EXPENSE

	Six months ended	
	30.9.2020	30.9.2019
	HK\$'000	HK\$'000
The (credit) charge comprises:		
Current tax		
– Hong Kong Profits Tax	84	450
– PRC Enterprise Income Tax ("EIT")	213	1,878
– United States Withholding tax	215	273
	512	2,601
Overprovision in respect of prior years		
– PRC EIT	(289)	(958)
Deferred taxation		
– Current period	(1,577)	–
	(1,354)	1,643

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2020

6. LOSS FOR THE PERIOD

	Six months ended	
	30.9.2020	30.9.2019
	HK\$'000	HK\$'000
<hr/>		
Loss for the period has been arrived at after charging (crediting):		
Depreciation and amortisation		
– depreciation of property, plant and equipment	8,106	25,611
– depreciation of right-of-use assets	2,299	9,121
– amortisation of intangible assets (included in cost of sales)	928	928
– depreciation of investment properties	2,339	2,339
	<hr/>	
	13,672	37,999
Capitalised in inventories	(3,664)	(11,840)
	<hr/>	
	10,008	26,159
	<hr/>	
Employee benefits expenses	125,096	212,345
Capitalised in inventories	(96,653)	(165,942)
	<hr/>	
	28,443	46,403
	<hr/>	
Net foreign exchange losses	753	4,871
Fair value changes on derivative financial instruments	544	1,136
Gain on disposals of property, plant and equipment	–	(298)
Write-down of inventories	4,475	7,829
Finance costs		
– interest on bank borrowings	421	526
– interest expenses on lease liabilities	582	701
	<hr/>	
	1,003	1,227
	<hr/>	
Bank interest income	(1,179)	(2,478)
Government grants in respect of Covid-19-related subsidies	(3,065)	–
	<hr/>	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2020

7. DIVIDENDS

During the current period, no final dividend in respect of the year ended 31 March 2020 (six months ended 30 September 2019: final dividend in respect of the year ended 31 March 2019 of HK10.0 cents per share in total of HK\$26,278,000) was declared and paid to owners of the Company.

No interim dividend for the six months ended 30 September 2020 has been proposed since the end of the reporting period (six months ended 30 September 2019: interim special dividend of HK1.5 cents per share).

8. LOSS PER SHARE

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

	Six months ended	
	30.9.2020	30.9.2019
	HK\$'000	HK\$'000
Loss		
Loss attributable to the owners of the Company for the purpose of basic loss per share	(12,066)	(8,592)
Number of shares		
Number of ordinary shares in issue for the purpose of basic loss per share	262,778,286	262,778,286

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2020

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS, INVESTMENT PROPERTIES AND DEPOSIT PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group paid HK\$12,374,000 (six months ended 30 September 2019: HK\$24,753,000) for acquisition of property, plant and equipment.

During the current interim period, the Group did not entered into any new lease agreement (six months ended 30 September 2019: the Group entered into new lease agreements for the use of properties for 3 to 5 years. The Group is required to make fixed monthly payments during the contract period. On lease commencement, the Group recognised HK\$2,667,000 of right-of-use asset and HK\$2,650,000 lease liability).

10. TRADE AND OTHER RECEIVABLES

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

	30.9.2020	31.3.2020
	HK\$'000	HK\$'000
Trade receivables	165,793	225,048
Less: Allowance for credit losses from contracts of customers	(12,995)	(17,352)
	152,798	207,696
Prepayments	2,919	2,322
Deposits	3,333	3,559
Value-added tax and other receivables	5,048	4,765
Amounts due from entities controlled by non-controlling shareholders of a subsidiary (Note)	965	500
	165,063	218,842

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2020

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	30.9.2020	31.3.2020
	HK\$'000	HK\$'000
Current	131,250	187,672
Overdue up to 90 days	28,701	25,258
Overdue more than 90 days	5,842	12,118
	165,793	225,048

11. TRADE AND OTHER PAYABLES

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

	30.9.2020	31.3.2020
	HK\$'000	HK\$'000
Trade payables		
Current and overdue up to 90 days	93,853	103,491
Overdue more than 90 days	20,435	8,961
	114,288	112,452
Accruals	48,755	59,291
Amount due to an entity controlled by non-controlling shareholders of a subsidiary (Note)	–	25
Value-added tax and other payables	15,089	15,405
	178,132	187,173

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2020

12. BANK BORROWINGS

The bank loan of the Group is secured by the Group's investment properties with a carrying amount of HK\$121,028,000 (31 March 2020: HK\$123,297,000).

13. SHARE CAPITAL

	Number of shares	Nominal amount HK\$'000
<hr/>		
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 April 2019, 30 September 2019, 1 April 2020 and 30 September 2020	500,000,000	50,000
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Issued and fully paid:		
At 1 April 2019, 30 September 2019, 1 April 2020 and 30 September 2020	262,778,286	26,278
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2020

14. CAPITAL AND OTHER COMMITMENTS

	30.9.2020	31.3.2020
	HK\$'000	HK\$'000
<hr/>		
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– Acquisition of plant and machinery and right-of-use asset	5,316	11,654
– Factory under construction or renovation	447	3,886
	<hr/>	<hr/>
	5,763	15,540
<hr/>		
Commitments contracted for but not provided in the condensed consolidated financial statements in respect of license fee for brandnames:		
– Within one year	2,880	2,635
– In the second to fifth year inclusive	4,893	6,394
	<hr/>	<hr/>
	7,773	9,029
	<hr/>	<hr/>
	13,536	24,569
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2020

15. RELATED PARTY TRANSACTIONS

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

Relationship with related parties	Nature of transactions	Six months ended	
		30.9.2020 HK\$'000	30.9.2019 HK\$'000
An entity controlled by a non-controlling shareholder of a subsidiary	Management fee	2	2

COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of key management personnel of the Group, being the directors of the Company, in the period is as follows:

	Six months ended	
	30.9.2020 HK\$'000	30.9.2019 HK\$'000
Short-term benefits	1,192	2,473
Retirement benefit scheme contribution	52	74
	1,244	2,547

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

16. 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 with the amendments to Chapter 17 of the Listing Rules in relation to share option schemes was adopted, primarily for providing incentives to eligible employees. No share options have been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2020

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial instruments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the 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.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	30.9.2020	31.3.2020		
Foreign currency forward contracts classified as derivative financial instruments in the condensed consolidated statement of financial position	Assets – HK\$214,000 Liabilities – HK\$45,000	Assets – HK\$7,000 Liabilities – HK\$382,000	Level 2	Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates.

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

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

OTHER INFORMATION

INTERIM DIVIDEND

In light of the challenging business environment, the Directors do not recommend the payment of interim dividend for the six months ended 30 September 2020 (2019: interim special dividend of HK1.5 cents per share) in order to retain sufficient liquidity to prepare for the uncertainty ahead.

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 of Hong Kong Limited (the "Stock Exchange") 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 six months ended 30 September 2020 and as at 30 September 2020, 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.

OTHER INFORMATION

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

As at 30 September 2020, 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 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)

Name of Directors	Number of ordinary shares held			Percentage of issued share capital of the Company
	Personal interest	Other interest	Total	
Ku Ngai Yung, Otis	–	143,033,828 (Note)	143,033,828	54.43%
Ku Ka Yung	–	143,033,828 (Note)	143,033,828	54.43%
Chan Chi Sun	1,526,000	–	1,526,000	0.58%
Ma Sau Ching	350,000	–	350,000	0.13%

Note: 143,033,828 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.

OTHER INFORMATION

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 30 September 2020, 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.

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

As at 30 September 2020, 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
<i>Substantial Shareholders</i>		
United Vision International Limited (Note 1)	143,033,828	54.43%
Marshvale Investments Limited (Note 1)	143,033,828	54.43%
HSBC International Trustee Limited (Notes 1 & 2)	143,033,828	54.43%
Ku Ling Wah, Phyllis (Notes 1, 2 & 3)	143,033,828	54.43%

OTHER INFORMATION

Name	Number of ordinary shares held	Percentage of the issued share capital of the Company
<i>Other Persons</i>		
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%

Notes:

- As at 30 September 2020, 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 143,033,828 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 143,033,828 shares of the Company under the SFO. Mr. Ku Ngai Yung, Otis and Mr. Ku Ka Yung are directors of UVI.
- 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. 143,033,828 shares of the Company were held indirectly by HSBC Trustee through UVI as mentioned in note 1 above.
- 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 30 September 2020, The Vision Trust ultimately and wholly owned UVI, which held 143,033,828 shares of the Company.

OTHER INFORMATION

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.

All the interests stated above represent long position. Save as disclosed above, as at 30 September 2020, 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.

