STOCK CODE 股份代號：**125**

SUN HING VISION GROUP HOLDINGS LIMITED 新興光學集團控股有限公司

INTERIM REPORT 2008/09 二零零八年至二零零九年中期報告

Contents

Corporate information

BOARD OF DIRECTORS

Executive Directors

Ku Ngai Yung, Otis – Chairman
Ku Ka Yung – Deputy Chairman
Tsang Wing Leung, Jimson
Ku Ling Wah, Phyllis
Chan Chi Sun
Ma Sau Ching

Non-executive Director

Ku Yiu Tung

Independent non-executive Directors

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

COMPANY SECRETARY

Yung Yun Sang, Simon

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISER IN HONG KONG

Arculli Fong & Ng

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

The Bank of Bermuda Limited
Bank of Bermuda Building
6 Front Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
The Bank of Tokyo-Mitsubishi UFJ, Limited
The Hongkong and Shanghai Banking Corporation Limited
Citibank, N.A.

WEBSITE

www.sunhingoptical.com

Management discussion and analysis

BUSINESS REVIEW

During the period under review, the Group recorded a moderate growth in its turnover by 5% to HK$559 million (2007: HK$535 million). The macroeconomic environment continued to be challenging and unpredictable. The difficult operating environment for manufacturing companies in China persisted during the period under review. The Group's profitability was adversely affected by the rapid and substantial increase in raw material costs, energy prices and continuous appreciation of Renminbi during the period under review. In addition, due to the tight labour supply and implementation of the new labour laws in China, labour costs have increased substantially. As a result, for the six months ended 30 September 2008, the net profit of the Group decreased by 17% to HK$60 million (2007: HK$72 million). Basic earnings per share also decreased by 17% to HK23 cents.

During the six months ended 30 September 2008, the demand for the Group's products remained stable for both of its original design manufacturing (ODM) business and branded eyewear distribution business. The branded eyewear distribution business grew at a relatively faster pace whereas the ODM business continued to grow steadily and contributed to a major part of the Group's turnover during the period under review. The ODM business and the branded eyewear distribution business accounted for 86% and 14% of the Group's turnover respectively (2007: 87% and 13%).

Due to the severe cost pressure mentioned above, despite the proactive improvement measures undertaken by the Group in enhancing its operational efficiency and achieving cost savings, the Group's gross profit margin percentage decreased to approximately 25% during the period under review (2007: 29%).

THE ODM BUSINESS

During the period under review, the Group recorded a steady growth in its ODM turnover by 4% to HK$481 million (2007: HK$464 million). With the help of advanced manufacturing technologies and its strong design capability, the Group was able to design, develop and produce unique, stylish and high-quality eyewear products that exceed customers' expectations. Sales of metal frames, plastic frames and other spare parts accounted for 65%, 34% and 1% respectively of the Group's ODM turnover during the period under review (2007: 60%, 39% and 1%).

The Group's ODM turnover to Europe was relatively stable at HK$252 million (2007: HK$254 million), while sales to the United States increased steadily by 5% to HK$218 million (2007: HK$207 million). Due to its premium product quality, enhanced strength in product development and order fulfillment capability, the Group was able to acquire more orders from its ODM customers. Europe and the United States remained as the major markets of the Group's products and accounted for 53% and 45% (2007: 55% and 44%) of the Group's turnover of its ODM business respectively.

THE BRANDED EYEWEAR DISTRIBUTION BUSINESS

Turnover contributed by the Group's branded eyewear distribution business increased by 10% to HK$78 million (2007: HK$71 million). This encouraging performance is attributed to the increasing popularity of eyewear collections for both of our existing licensed brands and the in-house fashion brand "PUBLIC+" during the period under review. Asia continued to be the major market of the Group's branded eyewear distribution business and accounted for 51% of the Group's distribution turnover (2007: 61%). The Group has further expanded into new and emerging markets to drive the growth of the branded eyewear distribution business during the period under review.

LIQUIDITY AND CAPITAL RESOURCES

During the period under review, the Group continued to maintain strong cash inflow from operations through continuous efforts to enhance working capital management. Net operating cash inflow amounted to HK$96 million during the period under review. As at 30 September 2008, net current assets and current ratio of the Group were approximately HK$477 million and 3.1: 1 respectively. As at 30 September 2008, the Group had time deposits as well as bank and cash balance amounting to HK$255 million and did not have any bank borrowings. The total shareholders' equity of the Group increased to HK$768 million as at 30 September 2008 from HK$742 million at 31 March 2008. During the period under review, inventory turnover period and debtor turnover period were 80 days and 89 days respectively, which were relatively stable as compared to those of the same period in the preceding year and the financial year ended 31 March 2008. 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 expansion plans.

Backed by the Group's strong cash position, the Directors have again resolved to declare an interim special dividend of HK1.5 cents per share on the top of the interim dividend of HK4.5 cents per share for the six months ended 30 September 2008. Given the deteriorating macroeconomic environment under the current financial crisis, the Directors will monitor the dividend policy closely with great prudence to ensure that an optimal balance can be achieved between the retention of sufficient liquidity in the Group to prepare for the uncertainty ahead and the distribution of earnings to the shareholders respectively.

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. The exchange rates between these currencies were relatively stable during the period under review, save in respect of the appreciation of Renminbi against the U.S. dollars and Hong Kong dollars. No hedging for foreign exchange was used given that the Group's exposure to currency fluctuation was still relatively limited.

At 30 September 2008, the Company guaranteed the bank facilities of its subsidiaries amounting to approximately HK$92 million (2007: HK$92 million), and none of the above-mentioned bank facilities were utilized.

HUMAN RESOURCES

The Group had a workforce of approximately 10,000 people as at 30 September 2008. The Group remunerates its employees based on their performance, work experience and the prevailing market situation. Performance related bonuses are granted on a discretionary basis based on individual performance and overall operating results of the Group. Other employee benefits include medical insurance scheme coverage, mandatory provident fund scheme, subsidised or free training programs and participation in the Company's share option scheme.

PROSPECTS

The Directors expect to face continuous challenges and difficulties as a result of the current financial tsunami, which is unprecedented in both the magnitude and the speed of deterioration in the economy. The recession in Europe and the United States, as well as the reduced growth expectations in the Asian markets have started to cause negative market sentiments. While the outcome of the current financial crisis is difficult to predict, the impact from the fall in consumer confidence and demand in the global market is expected to materialize in the short run. It is expected that the Group will be inevitably and adversely affected.

The Group is now taking serious steps and measures to better equip itself to handle this unprecedented challenge through close monitoring on the financial outlook of the customers and suppliers, improved credit and receivables collection control procedures as well as strengthened cashflow management. In order to alleviate the negative impact from the slowdown in sales growth and to maintain stable profitability, the Group continues to focus on enhancing production efficiency, tightening cost controls and rationalising operational procedures. Any capital expenditure expansion will be executed in a cautious and prudent manner.

In the longer term, the reduction in demand will accelerate market consolidation. This will be beneficial to the Group as one of the strongest players in the market, who is able to gain larger market share from the customers by winning over weaker competitors. The Group is well-prepared to manage the current financial crisis with its solid financial position, effective cost control as well as strong customer and supplier networks, becoming a much stronger and healthier entity to take full advantage of the market recovery that will arrive afterwards. The Directors are confident of the long term prospects of the Group's ODM business despite the short term difficulties.

The Directors are cautious about the performance of the branded eyewear distribution business given the deteriorating market situation. The Group is actively seeking opportunities to expand the geographical coverage of the eyewear collections under its brand portfolio. Different distribution strategies and cooperation arrangement are being employed to increase the market penetration of the Group's branded products in each major market. The Group is working closely with its licensing and distribution partners to tactfully adjust its brand position and sales mix strategies in different regions to cater for the most recent market situation. Through the launching of unique and high quality products and reallocating resources on selected brands with prominent growth potential, the Directors believe that the Group can further enhance its reputation and establish a stronger foundation to support the continuous development of the branded eyewear distribution business.

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 preserving the interests of the shareholders as a whole. The Board is of the view that the Company has met the code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules, except for deviations from code provision A.2.1 of the CG Code only. This code provision stipulates that the roles of the Chairman and the Chief Executive Officer should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and the 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 the 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.

AUDIT COMMITTEE

An audit committee has been established by the Company 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. 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 Company as well as various auditing, financial reporting and internal control matters with the management and/or external auditors of the Company. The Group's unaudited financial statements for the six months ended 30 September 2008 have been reviewed by the audit committee together with the Company's external auditor Deloitte Touche Tohmatsu.

REMUNERATION COMMITTEE

A remuneration committee was established in September 2005 and currently comprises Mr. Lee Kwong Yiu (Chairman), Mr. Lo Wa Kei, Roy and Mr. Wong Che Man, Eddy, all of whom are independent non-executive directors, as well as the human resources manager of the Group. The duties of the remuneration committee include the determination of remuneration of executive directors and review of the remuneration policy of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors (the "Code"). Having made specific enquiry of the Directors, all the Directors confirmed that they had complied with the required standards as set out in the Code for the six months ended 30 September 2008.

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, I would like to thank our customers for their support during the period. I would also like to express our sincere appreciation to our shareholders, staff, suppliers, bankers for their efforts and commitments.

On behalf of the Board
Ku Ngai Yung, Otis
Chairman

Hong Kong, 17 December 2008

Report on review of interim financial information

Deloitte.
德勤

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 interim financial information set out on pages 9 to 20, which comprise the condensed consolidated balance sheet of Sun Hing Vision Group Holdings Limited as of 30 September 2008 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement for the six-month period then ended and certain explanatory notes. The Main Board Listing 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 ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information 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 interim financial information consists of making enquiries, 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.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
17 December 2008

Condensed consolidated income statement

for the six months ended 30 September 2008

	NOTES	Six months ended 30.9.2008 HK$'000 (unaudited)	Six months ended 30.9.2007 HK$'000 (unaudited)
Revenue	3	**559,033**	534,843
Cost of sales		**(417,869)**	(382,272)
Gross profit		**141,164**	152,571
Bank interest income		**2,237**	3,690
Other income		**1,474**	663
Selling and distribution costs		**(12,161)**	(10,554)
Administrative expenses		**(66,807)**	(65,872)
Profit before taxation		**65,907**	80,498
Taxation	4	**(5,437)**	(8,059)
Profit for the period	5	**60,470**	72,439
Dividend	6	**34,161**	31,533
Earnings per share	7		
Basic		**HK23 cents**	HK28 cents
Diluted		**N/A**	HK28 cents

Condensed consolidated balance sheet

at 30 September 2008

	NOTES	30.9.2008 HK$'000 (unaudited)	31.3.2008 HK$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	**282,609**	266,642
Prepaid lease payments		**3,908**	3,955
Time deposit	9	**11,700**	11,700
		298,217	282,297
CURRENT ASSETS			
Inventories		**183,181**	172,552
Trade and other receivables	10	**278,984**	258,341
Prepaid lease payments		**91**	91
Bank balances and cash		**243,599**	222,166
		705,855	653,150
CURRENT LIABILITIES			
Trade and other payables	11	**221,968**	185,089
Tax liabilities		**6,745**	1,308
		228,713	186,397
NET CURRENT ASSETS		**477,142**	466,753
		775,359	749,050
CAPITAL AND RESERVES			
Share capital	12	**26,278**	26,278
Reserves		**742,118**	715,809
		768,396	742,087
NON-CURRENT LIABILITY			
Deferred tax liabilities		**6,963**	6,963
		775,359	749,050

Condensed consolidated statement of changes in equity

for the six months ended 30 September 2008

	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000	Property revaluation reserve HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2007 (audited)	26,278	78,945	18,644	1,320	662	522,151	648,000
Profit for the period and total recognised income for the period	–	–	–	–	–	72,439	72,439
Dividends paid	–	–	–	–	–	(31,533)	(31,533)
At 30 September 2007 (unaudited)	26,278	78,945	18,644	1,320	662	563,057	688,906
Surplus on revaluation of land and buildings	–	–	–	4,100	–	–	4,100
Deferred tax liability arising on revaluation of land and buildings	–	–	–	(718)	–	–	(718)
Net income recognised directly in equity	–	–	–	3,382	–	–	3,382
Profit for the period and total recognised income for the period	–	–	–	–	–	68,982	68,982
Release upon lapse of vested option	–	–	–	–	(126)	126	–
Dividends paid	–	–	–	–	–	(19,183)	(19,183)
At 31 March 2008 (audited)	26,278	78,945	18,644	4,702	536	612,982	742,087
Profit for the period and total recognised income for the period	–	–	–	–	–	60,470	60,470
Dividends paid	–	–	–	–	–	(34,161)	(34,161)
At 30 September 2008 (unaudited)	26,278	78,945	18,644	4,702	536	639,291	768,396

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

Condensed consolidated cash flow statement

for the six months ended 30 September 2008

	Six months ended 30.9.2008 HK$'000 (unaudited)	30.9.2007 HK$'000 (unaudited)
Net cash from operating activities	**95,533**	116,278
Purchase of property, plant and equipment and cash used in investing activity	**(39,939)**	(38,072)
Dividends paid	**(34,161)**	(31,533)
Net increase in cash and cash equivalents	**21,433**	46,673
Cash and cash equivalents at the beginning of period	**222,166**	131,966
Cash and cash equivalents at the end of period, representing bank balances and cash	**243,599**	178,639

Notes to the condensed consolidated financial statements

for the six months ended 30 September 2008

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain leasehold land and buildings, which are measured at revalued amounts.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2008.

In the current interim period, the Group has applied, for the first time, the following new standard and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2008.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]

HKAS 39 (Amendment)	Eligible Hedged Items[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[4]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[5]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2009
3 Effective for annual periods beginning on or after 1 July 2009
4 Effective for annual periods beginning on or after 1 July 2008
5 Effective for annual periods beginning on or after 1 October 2008

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The directors of the Company anticipate that the application of these new or revised standards or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENTAL INFORMATION

Business Segments

The Group is principally engaged in the design, manufacture and sales of optical products. No business segment analysis is presented as management considers this as one single business segment.

Geographical Segments

The Group's operations and assets are located in Hong Kong and elsewhere in the People's Republic of China. Segment information of the Group by location of customers is presented as below:

	Six months ended			
	30.9.2008		30.9.2007	
	Revenue HK$'000	**Results HK$'000**	Revenue HK$'000	Results HK$'000
Europe	**257,691**	**44,140**	257,672	50,552
United States	**237,512**	**41,767**	220,728	46,993
Asia	**45,726**	**4,582**	46,228	3,825
Others	**18,104**	**2,158**	10,215	1,229
	559,033	**92,647**	534,843	102,599
Unallocated corporate income		**2,865**		4,353
Unallocated corporate expenses		**(29,605)**		(26,454)
Profit before taxation		**65,907**		80,498
Taxation		**(5,437)**		(8,059)
Profit for the period		**60,470**		72,439

Approximately 90% of the segment information for the Europe segment of the Group is contributed by Italy for both periods.

4. TAXATION

	Six months ended 30.9.2008 HK$'000	30.9.2007 HK$'000
Hong Kong Profits Tax	**5,437**	8,059

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2007: 17.5%) of the estimated assessable profit for the period.

A portion of the Group's profits neither arises in, nor is derived from, Hong Kong. Accordingly, that portion of the Group's profit is not subject to Hong Kong Profits Tax. Further, in the opinion of the directors, that portion of the Group's profit is not subject to taxation in any other jurisdictions in which the Group operates.

5. PROFIT FOR THE PERIOD

	Six months ended 30.9.2008 HK$'000	30.9.2007 HK$'000
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	**23,972**	21,461
Release of prepaid lease payments	**47**	47

6. DIVIDEND

On 19 September 2008, the final dividend in respect of the year ended 31 March 2008 of HK10 cents per share and a special dividend of HK3 cents per share amounting to approximately HK$34,161,000 in total (six months ended 30 September 2007: final dividend in respect of the year ended 31 March 2007 of HK10 cents per share and a special dividend of HK2 cents per share amounting to approximately HK$31,533,000 in total) was paid to shareholders.

Subsequent to 30 September 2008, the directors determined that an interim dividend of HK4.5 cents per share and a special dividend of HK1.5 cents per share in respect of the year ending 31 March 2009 (2008: an interim dividend in respect of the year ended 31 March 2008 of HK4.5 cents per share and a special dividend of HK2.8 cents per share amounting to approximately HK$19,183,000 in total) will be paid to the shareholders of the Company whose names appear in the Register of Members on 15 January 2009.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended	
	30.9.2008	30.9.2007
	HK$'000	HK$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**60,470**	72,439
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**262,778,286**	262,778,286
Effect of dilutive potential ordinary shares:		
– Share options	**–**	60,465
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**262,778,286**	262,838,751

Diluted earning per share is not presented for the six months ended 30 September 2008 as the exercise price of the outstanding share options is higher than the average market price for shares.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK$39,939,000 (six months ended 30 September 2007: HK$38,072,000) on additions to property, plant and equipment.

At 30 September 2008, the directors considered the carrying amounts of the Group's leasehold land and buildings, which are carried at revalued amounts, do not differ significantly from that which would be determined using fair values at the balance sheet date. Consequently, no revaluation surplus or deficit has been recognised in the current period.

9. TIME DEPOSIT

The deposit is denominated in United States dollar with an initial term of ten years. The deposit carries interests with reference to the London Interbank Offer Rate.

10. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 30 to 90 days to its trade customers. The following is an aged analysis of trade receivables at the balance sheet date:

	30.9.2008 **HK$'000**	31.3.2008 HK$'000
Trade receivables		
Current	**243,162**	208,576
Overdue up to 90 days	**29,190**	37,894
Overdue more than 90 days	**626**	2,320
	272,978	248,790
Other receivables	**6,006**	9,551
	278,984	258,341

11. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables at the balance sheet date:

	30.9.2008 **HK$'000**	31.3.2008 HK$'000
Trade payables		
Current and overdue up to 90 days	**149,024**	111,729
Overdue more than 90 days	**1,657**	2,789
	150,681	114,518
Other payables	**71,287**	70,571
	221,968	185,089

12. SHARE CAPITAL

	Number of shares	**Nominal amount** HK$'000
Ordinary shares of HK$0.10 each		
Issued and fully paid:		
At 1 April 2008 and 30 September 2008	262,778,286	26,278

13. CAPITAL AND OTHER COMMITMENTS

	30.9.2008 HK$'000	31.3.2008 HK$'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements		
– Factory under construction	–	165
Capital expenditure authorised but not contracted for		
– Acquisition of plant and machinery	1,180	1,115
– Factory under construction	6,648	5,421
	7,828	6,536
Commitments for license fee for brand names contracted for but not provided in the condensed consolidated financial statements	15,652	13,291

14. MAJOR NON-CASH TRANSACTIONS

During the period, construction in progress of approximately HK$17,204,000 (six months ended 30 September 2007: HK$5,953,000) was completed and was transferred to respective categories of property, plant and equipment.

15. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of directors and other members of key management in respect of the period are as follows:

	Six months ended 30.9.2008 HK$'000	 30.9.2007 HK$'000
Short-term benefits	2,778	2,781

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

Other information

INTERIM AND SPECIAL DIVIDENDS

The Board has resolved to declare an interim dividend of HK4.5 cents and an interim special dividend of HK1.5 cents per share for the six months ended 30 September 2008 (2007: HK4.5 cents and HK2.8 cents). The interim dividend and interim special dividend will be payable on or about 13 February 2009 to the shareholders whose names appear on the register of members of the Company at the close of trading on 15 January 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 13 January 2009 to 15 January 2009, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed interim dividend and interim special dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on 12 January 2009.

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 new share option scheme (the "New 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.

The following table discloses movements in the Company's share options which were granted under the Old Share Option Scheme during the six months ended 30 September 2008:

			Number of share options				
Grantees	Date of grant	Exercisable period	Outstanding at 1 April 2008	Exercised during the period	Forfeited during the period	Outstanding at 30 September 2008	Exercise Price HK$
Employees	2 April 2004	2 April 2004 to 1 April 2009 (Notes 1 & 2)	1,100,000	–	–	1,100,000	3.5
Total			1,100,000	–	–	1,100,000	

Notes:

1. All the options have been vested.

2. Each grantee might only exercise his/her option to subscribe for up to 35% of the total number of shares pursuant to the option granted to him/her after 2 April 2005. The remaining balance, together with the balance (if any) that he/she had not exercised previously would be exercisable by him/her after 2 April 2007.

As at 30 September 2008, the total number of shares in respect of which share options had been granted and remained outstanding under the Old Share Option Scheme was 1,100,000, representing approximately 0.42% of the issued shares of the Company. No further share options can be granted upon termination of the Old Share Option Scheme.

Under the New 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 New Share Option Scheme since its adoption.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2008, the interests and short positions of the Directors and chief executives of the Company, and their associates in the shares, underlying shares or 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. Long positions in the shares of the Company

	Number of ordinary shares held			
Name of Directors	**Beneficial owner**	**Other interest**	**Total**	**Percentage of the issued share capital of the Company**
Ku Ngai Yung, Otis	3,737,223	137,359,382 (Note)	141,096,605	53.69%
Ku Ka Yung	3,737,223	137,359,382 (Note)	141,096,605	53.69%
Ku Ling Wah, Phyllis	–	137,359,382 (Note)	137,359,382	52.27%
Tsang Wing Leung, Jimson	1,570,000	–	1,570,000	0.60%
Chan Chi Sun	1,526,000	–	1,526,000	0.58%
Ma Sau Ching	350,000	–	350,000	0.13%

Note: 137,359,382 ordinary shares 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, Ms. Ku Ling Wah, Phyllis and their respective children who are under the age of 18.

2. Underlying Shares of the Company

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 2008, 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.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2008, the following parties (other than those disclosed under the headings "Directors' 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 interest in 5% or more of the issued share capital of the Company.

Name of substantial shareholders	Number of ordinary shares held	Percentage of the issued share capital of the Company
United Vision International Limited (Note 1)	137,359,382	52.27%
Marshvale Investments Limited (Note 1)	137,359,382	52.27%
HSBC International Trustee Limited (Notes 1 & 2)	138,177,382	52.58%
Cheah Cheng Hye (Notes 3 & 4)	18,304,000	6.96%
Hang Seng Bank Trustee International Limited (Notes 3 & 4)	18,304,000	6.96%
Cheah Company Limited (Note 3)	18,304,000	6.96%
Cheah Capital Management Limited (Note 3)	18,304,000	6.96%
Value Partners Group Limited (Note 3)	18,304,000	6.96%
Value Partners Limited (Note 3)	18,304,000	6.96%

Name of substantial shareholders	Number of ordinary shares held	Percentage of the issued share capital of the Company
To Hau Yin (Note 5)	18,304,000	6.96%
Allianz SE (Note 6)	13,964,300	5.31%
Dresdner Bank Aktiengesellschaft (Note 6)	13,964,300	5.31%
Veer Palthe Voute NV (Note 6)	13,964,300	5.31%
Deutsche Bank Aktiengesellschaft (Note 7)	15,778,000	6.00%
OCM Emerging Markets Fund, L.P. (Note 8)	18,824,000	7.16%
Oaktree Capital Management, LLC (Note 8)	18,824,000	7.16%
Allard Partners Limited (Note 9)	16,252,000	6.18%

Notes:

1. As at 30 September 2008, 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 137,359,382 shares 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 137,359,382 shares under the SFO.

2. HSBC Trustee is the trustee of The Vision Trust, the discretionary trust settled by Mr. Ku Ngai Yung, Otis and Mr. Ku Ka Yung mentioned above. Of the 138,177,382 shares held by HSBC Trustee, 137,359,382 shares were held indirectly through UVI as mentioned in note (1) above and 818,000 shares were held as trustee.

3. As at 30 September 2008, 18,304,000 shares were held by Value Partners Limited, which is wholly-owned by Value Partners Group Limited. By virtue of Value Partners Limited's interests in the Company, Value Partners Group Limited is deemed to be interested in 18,304,000 shares under the SFO. Value Partners Group Limited is owned as to 35.65% by Cheah Capital Management Limited. By virtue of Value Partners Group Limited's indirect interest in the Company, Cheah Capital Management Limited is deemed to be interested in 18,304,000 shares under the SFO. Cheah Capital Management Limited is wholly-owned by Cheah Company Limited. By virtue of Cheah Capital Management Limited's indirect interest in the Company, Cheah Company Limited is deemed to be interested in 18,304,000 shares under the SFO. Cheah Company Limited is wholly-owned by Hang Seng Bank Trustee International Limited. By Virtue of Cheah Company Limited's indirect interest in the Company, Hang Seng Bank Trustee International Limited is deemed to be interested in 18,304,000 shares under the SFO.

4. Hang Seng Bank Trustee International Limited is the trustee of The C H Cheah Family Trust, whose founder is Cheah Cheng Hye.

5. To Hau Yin is the spouse of Cheah Cheng Hye. By virtue of the SFO, To Hau Yin is deemed to be interested in the indirect interest in the Company held by Cheah Cheng Hye.

6. As at 30 September 2008, 13,964,300 shares were held by Veer Palthe Voute NV, as investment manager, which is wholly-owned by Dresdner Bank Luxembourg S.A., which is wholly-owned by Dresdner Bank Aktiengesellschaft. By virtue of Veer Palthe Voute NV's interest in the Company, Dresdner Bank Aktiengesellschaft is deemed to be interested in 13,964,300 shares under the SFO. Dresdner Bank Aktiengesellschaft is owned as to 81.1% by Allianz Finanzbeteiligungs GmbH, which is wholly-owned by Allianz SE. By virtue of Dresdner Bank Aktiengesellschaft's indirect interest in the Company, Allianz SE is deemed to be interested in 13,964,300 shares under the SFO.

7. As at 30 September 2008, 15,778,000 shares were held by Deutsche Bank Aktiengesellschaft as security interest.

8. As at the date of filing the substantial shareholder notice on 3 February 2006, Oaktree Capital Management, LLC owns 2% of the issued share capital of OCM Emerging Markets Fund, L.P.. Oaktree Capital Management, LLC was therefore deemed to be interested, to that extent, in the shares held by OCM Emerging Markets Fund, L.P. under the SFO.

9. Allard Partners Limited is a fund management company.

All the interests stated above represent long position. Save as disclosed above, as at 30 September 2008, 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.