A DECADE OF VISION

Interim Report 2009/10 二零零九年至二零一零年中期報告 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

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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

King & Wood
(formerly known as 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

Union Registrars Limited
18th Floor
Fook Lee Commercial Centre
Town Place, 33 Lockhart Road
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 global economy was adversely affected by the financial tsunami which started in the last quarter of 2008. Although there were early signs of economic recovery such as the strong rebound in worldwide stock markets, the confidence of end consumers remained weak. Under the circumstances, the turnover and net profit of the Group decreased by 28% to HK$403 million (2008: HK$559 million) and by 37% to HK$38 million (2008: HK$60 million) respectively. Basic earnings per share decreased by 35% to HK15 cents.

As a result of the deteriorating market environment, the Group's turnover for both of its original design manufacturing ("ODM") business and its branded eyewear distribution business decreased during the period under review. The ODM business continued to be the major contributor to the turnover of the Group, while the branded eyewear distribution business recorded a more significant decline in turnover due to the Group's reduction in exposure to the North American market as part of its overall strategy. For the period under review, ODM business and branded eyewear distribution business accounted for about 88% and 12% of the Group's turnover respectively (2008: 86% and 14%).

Despite continuous price pressure due to poor market sentiments, the Group was able to maintain a relatively stable gross profit margin as a result of lower raw material costs and its proactive cost control measures during the period under review. The gross profit ratio slightly increased from 25.3% to 26.7%. Nevertheless, facing the rapid and significant decrease in production volume brought about by the much weaker market demand for eyewear products, the Group could not immediately adjust certain fixed operating costs in response to the contracting market. Therefore, net profit margin decreased from 10.8% to 9.5%.

THE ODM BUSINESS

During the period under review, the Group recorded a decrease in ODM turnover by 26% to HK$354 million (2008: HK$481 million). The Group's major ODM customers are those leading players in eyewear industry who have their principal operations in the United States and Europe. Since the economy of these two regions was severely hit by the financial crisis, the Group's major ODM customers reacted by reducing their stocks on hand to minimize risks and held a very prudent view when placing orders. For the six months ended 30 September 2009, turnover to the United States and Europe decreased by 34% to HK$143 million (2008: HK$218 million) and by 22% to HK$196 million (2008: HK$252 million) respectively. Europe and the United States remained as the major markets of the Group's products and accounted for 55% and 40% (2008: 53% and 45%) of the Group's turnover of its ODM business respectively.

During the period under review, sales of metal frames, plastic frames and other spare parts accounted for 66%, 32% and 2% of the Group's ODM turnover respectively (2008: 65%, 34% and 1%).

Management Discussion and Analysis

THE BRANDED EYEWEAR DISTRIBUTION BUSINESS

Turnover contributed by the Group's branded eyewear distribution business decreased by 37% to HK$49 million (2008: HK$78 million). Asia continued to be the major market of the Group's branded eyewear distribution business and it contributed about 79% (2008: 51%) of the Group's distribution turnover. During the period under review, the Group significantly reduced its exposure to the North American market for its branded eyewear business as part of its overall strategy to focus resources on the Asian market where the Group has competitive advantages over other industry participants for better growth prospects. This, together with the generally weak consumer demand, led to a relatively significant decline in the turnover for the branded eyewear business.

LIQUIDITY AND CAPITAL RESOURCES

The Group continued to maintain a strong liquidity position. During the period under review, the cash inflow from operation amounted to HK$118 million. The Group had a cash and bank balance of HK$344 million and did not have any bank borrowings as at 30 September 2009. The Group will continue to adopt a prudent cash flow management in response to the uncertain economic environment.

Given 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 2009. 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 uncertainty ahead and the distribution of earnings to the shareholders respectively.

As at 30 September 2009, the net current assets and current ratio of the Group were approximately HK$546 million and 4.8:1 respectively. The total shareholders' equity of the Group increased to HK$812 million as at 30 September 2009 from HK$804 million as at 31 March 2009. Debtor turnover period and inventory turnover period remained at a healthy level of 98 days and 78 days respectively. The Directors are confident that the financial position of the Group will remain strong, and the Group has sufficient liquidity and financial resources to meet its present commitments and future business plans.

FOREIGN EXCHANGE EXPOSURE

Most of the Group's transactions were conducted in the U.S. dollars, Hong Kong dollars and Renminbi. In addition, the majority of the Group's assets were also kept in these currencies. The exchange rates between these currencies were relatively stable during the period under review. No hedging for foreign exchange was used given that the Group's exposure to currency fluctuation was still relatively limited.

HUMAN RESOURCES

The Group had a workforce of over 8,000 people as at 30 September 2009. 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, subsidised or free training programs and participation in the Company's share option scheme.

CHARGES ON GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 30 September 2009, there were no charges on the Group's assets or significant contingent liabilities.

CAPITAL COMMITMENT

Details of the Group's capital commitment are set our in Note 13 to the condensed consolidated financial statements.

PROSPECTS

After a period of rapid and significant business contraction since the financial crisis by the end of last year, the Directors have started to see some clear signs of pick-up in the business level for the Group. Due to the better market sentiments recently, the Group's customers have become more proactive in replenishing their stocks and placing orders to the Group. However, the Directors believe that the business environment in the near future will still be tough. On the one hand, it is not sure that how sustainable the recent increase in business will be if the economic stimulus measures of the various major countries are gradually phrased out. On the other hand, the Group will face pressure from higher operating costs, since raw material costs, energy prices and wage levels have started to rise again as a result of the rebound of the economy.

In response to the difficulties and uncertainties above, the Group will continue to focus on enhancing production efficiency, tightening costs controls, streamlining manufacturing processes and providing better services to customers in terms of product designs, delivery and quality. Moreover, a strong and liquid balance sheet will be maintained to allow the Group to react swiftly to both the uncertainty and opportunities ahead. Any capital expenditure budget will be executed in a prudent manner, but the Group will commit to invest in projects that will enhance production efficiency, quality and other long-term competitiveness. Despite short-term difficulties, the Directors are confident of the long-term prospects of the Group's ODM business.

Intensive review and discussion have been underway to further strengthen the brand portfolio for the Group's branded eyewear distribution business. The Group is actively seeking licensing and distribution opportunities with a number of prominent brand names. Meanwhile, brands or distribution regions with low profit or growth potential will be gradually phrased out to ensure that the Group's resources are allocated in the most optimal way.

The Directors believe that the Group has been able to maintain its cutting edge during the economic downturn and is well prepared for any future business opportunities that may arise.

CORPORATE GOVERNANCE

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

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. 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 and internal control 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 2009 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 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 of the Company, 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 senior management 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 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 2009.

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

Hong Kong, 18 December 2009

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 statement of financial position of Sun Hing Vision Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 September 2009 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows 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
18 December 2009

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 September 2009

	NOTES	Six months ended **30.9.2009** **HK$'000** **(unaudited)**	 30.9.2008 HK$'000 (unaudited)
Revenue		**402,585**	559,033
Cost of sales		**(295,074)**	(417,869)
Gross profit		**107,511**	141,164
Bank interest income		**1,118**	2,237
Other income		**252**	1,474
Selling and distribution costs		**(7,614)**	(12,161)
Administrative expenses		**(59,558)**	(66,807)
Profit before taxation		**41,709**	65,907
Taxation	4	**(3,441)**	(5,437)
Profit and total comprehensive income attributable to the owners of the Company for the period	5	**38,268**	60,470
Earnings per share	7		
Basic		**HK15 cents**	HK23 cents

Condensed Consolidated Statement of Financial Position

at 30 September 2009

	NOTES	**30.9.2009 HK$'000 (unaudited)**	31.3.2009 HK$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	**267,996**	276,432
Prepaid lease payments		**3,818**	3,863
Time deposit	9	**–**	11,700
		271,814	291,995
CURRENT ASSETS			
Inventories		**126,571**	133,919
Trade and other receivables	10	**220,978**	252,935
Prepaid lease payments		**91**	91
Tax recoverable		**–**	3,164
Bank balances and cash		**344,126**	262,285
		691,766	652,394
CURRENT LIABILITIES			
Trade and other payables	11	**145,330**	134,455
Tax liabilities		**268**	–
		145,598	134,455
NET CURRENT ASSETS		**546,168**	517,939
		817,982	809,934
CAPITAL AND RESERVES			
Share capital	12	**26,278**	26,278
Reserves		**786,166**	778,118
		812,444	804,396
NON-CURRENT LIABILITY			
Deferred tax liabilities		**5,538**	5,538
		817,982	809,934

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 September 2009

	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 2008 (audited)	26,278	78,945	18,644	4,702	536	612,982	742,087
Total comprehensive income for the period	–	–	–	–	–	60,470	60,470
Dividend paid	–	–	–	–	–	(34,161)	(34,161)
At 30 September 2008 (unaudited)	26,278	78,945	18,644	4,702	536	639,291	768,396
Profit for the period	–	–	–	–	–	54,565	54,565
Deficit on revaluation of land and buildings	–	–	–	(3,426)	–	–	(3,426)
Reversal of deferred tax liability arising on revaluation of leasehold land and building	–	–	–	565	–	–	565
Effect of change in tax rate	–	–	–	63	–	–	63
Total comprehensive income for the period	–	–	–	(2,798)	–	54,565	51,767
Dividend paid	–	–	–	–	–	(15,767)	(15,767)
At 31 March 2009 (audited)	26,278	78,945	18,644	1,904	536	678,089	804,396
Total comprehensive income for the period	–	–	–	–	–	38,268	38,268
Release upon lapse of vested option	–	–	–	–	(536)	536	–
Dividend paid (note 6)	–	–	–	–	–	(30,220)	(30,220)
At 30 September 2009 (unaudited)	26,278	78,945	18,644	1,904	–	686,673	812,444

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 Statement of Cash Flows

for the six months ended 30 September 2009

	Six months ended	
	30.9.2009	30.9.2008
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Net cash from operating activities	**117,593**	95,533
Net cash used in investing activities	**(5,532)**	(39,939)
Dividend paid	**(30,220)**	(34,161)
Net increase in cash and cash equivalents	**81,841**	21,433
Cash and cash equivalents at the beginning of period	**262,285**	222,166
Cash and cash equivalents at the end of period, representing bank balances and cash	**344,126**	243,599

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 September 2009

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 2009.

In the current interim period, the Group has applied, for the first time, the following new and revised standard, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 18	Transfers of Assets from customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of these new and revised HKFRSs had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was geographical segments by location of customers. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 3).

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[5]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[6]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[6]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[3]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[1]

1 Effective for annual periods beginning on or after 1 July 2009
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2013
4 Effective for annual periods beginning on or after 1 January 2011
5 Effective for annual periods beginning on or after 1 February 2010
6 Effective for annual periods beginning on or after 1 January 2010

The application of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The Directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENTAL INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, the Company's executive directors, in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financing reporting to key management personnel" serving only as the starting point for the identification of such segments.

In the past, the Group's primary reporting format was geographical segments by location of customers, irrespective of the origin of goods.

Whilst the executive directors regularly review revenue by geographical location of customers, discrete financial information reported to the executive directors for the purposes of resource allocation and performance assessment focuses on the consolidated gross profit analysis of the business of manufacturing and trading of eyewear products. The gross profit analysis presented is consistent with the condensed consolidated statement of comprehensive income.

As a result, there is only one reportable segment for the Group under HKFRS 8, which is manufacturing and trading of eyewear products. Information regarding this segment can be made reference to the condensed consolidated statement of comprehensive income.

4. TAXATION

	Six months ended	
	30.9.2009	30.9.2008
	HK$'000	HK$'000
Hong Kong Profits Tax	**3,441**	5,437

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for each of 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 AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE OWNERS OF THE COMPANY FOR THE PERIOD

	Six months ended	
	30.9.2009	30.9.2008
	HK$'000	HK$'000
Profit and total comprehensive income attributable to the owners of the Company for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	**25,668**	23,972
Employees benefit expenses	**108,033**	126,695
Release of prepaid lease payments	**45**	47

6. DIVIDEND

On 18 September 2009, the final dividend in respect of the year ended 31 March 2009 of HK10 cents per share and a special dividend of HK1.5 cents per share amounting to approximately HK$30,220,000 in total (six months ended 30 September 2008: 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) was paid to shareholders.

Subsequent to 30 September 2009, 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 2010 (2008: an interim dividend in respect of the year ended 31 March 2009 of HK4.5 cents per share and a special dividend of HK1.5 cents per share amounting to approximately HK$15,767,000 in total) will be paid to the shareholders of the Company whose names appear in the Register of Members on 15 January 2010.

7. EARNINGS PER SHARE

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

	Six months ended	
	30.9.2009	30.9.2008
	HK$'000	HK$'000
Earnings		
Earnings for the purposes of basic earnings per share	**38,268**	60,470
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**262,778,286**	262,778,286

For the six months ended 30 September 2009, no diluted earning per share has been presented because all share options have been lapsed as at 1 April 2009. For the six months ended 30 September 2008, no diluted earnings per share has been presented because the exercise price of the outstanding share options was higher than the average market price for shares.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK$17,232,000 (six months ended 30 September 2008: HK$39,939,000) on additions to property, plant and equipment.

At 30 September 2009, 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 end of reporting period. Consequently, no revaluation surplus or deficit has been recognised in the current period.

9. TIME DEPOSIT

The deposit was denominated in United States dollar with an initial term of ten years. The deposit carried interests with reference to the London Interbank Offer Rate. The deposit was early terminated on 5 May 2009.

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 end of reporting period:

	30.9.2009 HK$'000	31.3.2009 HK$'000
Trade receivables		
Current	**184,554**	205,808
Overdue up to 90 days	**27,646**	37,793
Overdue more than 90 days	**3,143**	2,649
	215,343	246,250
Other receivables	**5,635**	6,685
	220,978	252,935

11. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables at the end of reporting period:

	30.9.2009 HK$'000	31.3.2009 HK$'000
Trade payables		
Current and overdue up to 90 days	**94,657**	80,993
Overdue more than 90 days	**1,581**	1,795
	96,238	82,788
Other payables	**49,092**	51,667
	145,330	134,455

12. SHARE CAPITAL

	Number of shares	**Nominal amount** HK$'000
Ordinary shares of HK$0.10 each		
Issued and fully paid:		
At 1 April 2009 and 30 September 2009	262,778,286	26,278

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 September 2009

13. CAPITAL AND OTHER COMMITMENTS

	30.9.2009 HK$'000	31.3.2009 HK$'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements		
– Acquisition of plant and machinery	**2,265**	978
– Factory under construction or renovation	**1,204**	5,555
	3,469	6,533
Commitments for license fee for brand names contracted for but not provided in the condensed consolidated financial statements	**15,236**	17,620

14. 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	
	30.9.2009 HK$'000	30.9.2008 HK$'000
Short-term benefits	**2,339**	2,778

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.

15. SHARE OPTIONS

On 6 September 2004, a share option scheme was adopted primarily for providing incentives to eligible employees. As at 31 March 2009, 1,100,000 share options granted remain outstanding and all of these share options lapsed at 1 April 2009 and no share options outstanding at the period end.

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 2009 (2008: HK$4.5 cents and HK$1.5 cents). The interim dividend and interim special dividend will be payable on or about 9 February 2010 to the shareholders whose names appear on the register of members of the Company at the close of trading on 15 January 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 13 January 2010 to 15 January 2010, 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, Union Registrars Limited, 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not later than 4:00 p.m. on 12 January 2010.

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.

Other Information

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 2009:

			Number of share options				
Grantees	**Date of grant**	**Exercisable period**	**Outstanding at 1 April 2009**	**Exercised during the period**	**Forfeited during the period**	**Outstanding at 30 September 2009**	**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

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 2009, there was no share in respect of which share options had been granted and remained outstanding under the Old Share Option Scheme. 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.

Other Information

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2009, 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	**Personal interest**	**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 2009, 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 2009, 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%
Webb David Michael (Note 3)	18,410,000	7.01%
Preferable Situation Assets Limited (Note 4)	14,708,000	5.60%
Allard Partners Limited (Note 5)	15,700,000	5.97%
Lim Mee Hwa (Note 6)	15,650,000	5.96%
Yeo Seng Chong (Note 7)	15,650,000	5.96%
Yeoman Capital Management Pte Ltd (Note 8)	14,200,000	5.40%

Notes:

1. As at 30 September 2009, 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 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 137,359,382 shares of the Company 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 of the Company held by HSBC Trustee, 137,359,382 shares of the Company were held indirectly through UVI as mentioned in note (1) above and 818,000 shares of the Company were held as trustee.

3. As at 30 September 2009, out of 18,410,000 shares of the Company held by David Michael Webb, 14,708,000 shares of the Company were held through his wholly owned company, Preferable Situation Assets Limited ("Preferable Situation"), while 3,702,000 shares of the Company were held directly by him. By virtue of Preferable Situation's interests in the Company, David Michael Webb is deemed to be interested in the same 14,708,000 shares of the Company held by Preferable Situation under the SFO.

4. As at the date of filing the corporate substantial shareholder notice on 12 May 2009 filed by Preferable Situation, 13,231,000 shares of the Company were held by Preferable Situation, a company wholly owned by David Michael Webb. Subsequent to the above filing, according to the individual substantial shareholder notice filed by David Michael Webb dated 1 September 2009, 14,708,000 shares of the Company were held by Preferable Situation as at the date of filing of such individual substantial shareholder notice.

5. Allard Partners Limited is a fund management company.

6. As at the date of filing the substantial shareholder notice on 31 August 2009 filed by Lim Mee Hwa, Queensland Investment Corporation, Yeoman 3-Rights Value Asia Fund and BMT Yeoman Client 2, all of them are wholly owned by Yeoman Capital Management Pte Ltd, held 6,750,000 shares, 7,100,000 shares and 350,000 shares in the Company respectively. 35% of the equity interests of Yeoman Capital Management Pte Ltd was held by Lim Mee Hwa. By virtue of the SFO, Lim Mee Hwa is deemed to be interested in the same 14,200,000 shares in the Company held by Queensland Investment Corporation, Yeoman 3-Rights Value Asia Fund and BMT Yeoman Client 2. In addition, 450,000 shares of the Company were held directly by Lim Mee Hwa, and 1,000,000 shares of the Company were held by Yeo Seng Chong, the spouse of Lim Mee Hwa. By virtue of the SFO, Lim Mee Hwa, being the spouse of Yeo Seng Chong, is also deemed to be interested in the same 1,000,000 shares of the Company held by Yeo Seng Chong.

7. As at the date of filing the substantial shareholder notice on 31 August 2009 filed by Yeo Seng Chong, Queensland Investment Corporation, Yeoman 3-Rights Value Asia Fund and BMT Yeoman Client 2, all of them are wholly owned by Yeoman Capital Management Pte Ltd, held 6,750,000 shares, 7,100,000 shares and 350,000 shares in the Company respectively. 35% of the equity interests of Yeoman Capital Management Pte Ltd was held by Yeo Seng Chong. By virtue of the SFO, Yeo Seng Chong is deemed to be interested in the same 14,200,000 shares in the Company held by Queensland Investment Corporation, Yeoman 3-Rights Value Asia Fund and BMT Yeoman Client 2. In addition, 1,000,000 shares of the Company were held directly by Yeo Seng Chong, and 450,000 shares of the Company were held by Lim Mee Hwa, the spouse of Yeo Seng Chong. By virtue of the SFO, Yeo Seng Chong, being the spouse of Lim Mee Hwa, is also deemed to be interested in the same 450,000 shares of the Company held by Lim Mee Hwa.

8. As at the date of filing the substantial shareholder notice on 30 December 2008, Queensland Investment Corporation, Yeoman 3-Rights Value Asia Fund and BMT Yeoman Client 2, all of them are wholly owned by Yeoman Capital Management Pte Ltd, an investment manager, held 5,900,000 shares, 6,900,000 shares and 350,000 shares in the Company respectively. Subsequent to the above filing, according to two individual substantial shareholder notices respectively filed by each of Lim Mee Hwa and Yeo Seng Chong both dated 31 August 2009, Queensland Investment Corporation, Yeoman 3-Rights Value Asia Fund and BMT Yeoman Client 2 held 6,750,000 shares, 7,100,000 shares and 350,000 shares of the Company respectively as at the date of filing of such individual substantial shareholder notices. By virtue of the SFO, Yeoman Capital Management Pte Ltd, being the holding company of Queensland Investment Corporation, Yeoman 3-Rights Value Asia Fund and BMT Yeoman Client 2, is deemed to be interested in the same 14,200,000 shares of the Company.

All the interests stated above represent long position. Save as disclosed above, as at 30 September 2009, 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.

UPDATE ON BIOGRAPHICAL DETAILS OF DIRECTORS

On 19 August 2009, Mr. Wong Che Man, Eddy was appointed as an independent non-executive director of China All Access (Holdings) Limited, a company listed in Stock Exchange. The above change and information update since the date of the 2008/2009 Annual Report is disclosed pursuant to rule 13.51(B)(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.