



*Sun Hing
Vision Group
Holdings Limited*

Interim Report 2003-2004



OPERATING RESULTS

The Board of Directors (the “Board”) of Sun Hing Vision Group Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2003, together with the comparative figures for the corresponding previous period as follows:

Condensed Consolidated Income Statement For the six months ended 30 September 2003

		Six months ended	
	NOTES	30.9.2003	30.9.2002
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
			(restated)
Turnover	3	236,560	240,011
Cost of sales		(149,863)	(144,673)
Gross profit		86,697	95,338
Other operating income		400	692
Distribution costs		(3,361)	(4,638)
Administrative expenses		(36,890)	(38,153)
Profit from operations	4	46,846	53,239
Interest income		1,339	832
Finance costs	5	–	(45)
Profit before taxation		48,185	54,026
Taxation	6	(4,970)	(4,336)
Net profit for the period		43,215	49,690
Dividend paid	7	19,779	17,463
Earnings per share	8		
Basic		HK18 cents	HK23 cents
Diluted		HK17 cents	HK21 cents

Condensed Consolidated Balance Sheet
At 30 September 2003

	<i>Notes</i>	30.9.2003 <i>HK\$'000</i> <i>(Unaudited)</i>	31.3.2003 <i>HK\$'000</i> <i>(Audited)</i> <i>(Restated)</i>
NON-CURRENT ASSET			
Property, plant and equipment	9	153,167	149,687
Long-term bank deposits		47,278	–
		<u>200,445</u>	<u>149,687</u>
CURRENT ASSETS			
Inventories		111,271	90,021
Trade and other receivables	10	136,817	108,688
Bank balances and cash		113,217	156,728
		<u>361,305</u>	<u>355,437</u>
CURRENT LIABILITIES			
Trade and other payables	11	110,556	81,721
Tax liabilities		9,878	6,582
		<u>120,434</u>	<u>88,303</u>
NET CURRENT ASSETS		<u>240,871</u>	<u>267,134</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities	12	7,440	6,749
		<u>433,876</u>	<u>410,072</u>
CAPITAL AND RESERVES			
Share capital	13	24,724	24,684
Reserves		409,152	385,388
		<u>433,876</u>	<u>410,072</u>

**Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 September 2003**

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2002					
– as originally stated	20,750	18,518	18,644	253,330	311,242
– adjustment on adoption of SSAP12 (Revised) (note 2)	–	–	–	(4,222)	(4,222)
– as restated	20,750	18,518	18,644	249,108	307,020
Exercise of share options	10	82	–	–	92
Exercise of warrants	3,604	39,648	–	–	43,252
Net profit for the period (restated)	–	–	–	49,690	49,690
Dividend paid	–	–	–	(17,463)	(17,463)
At 30 September 2002	24,364	58,248	18,644	281,335	382,591
Exercise of share options	100	650	–	–	750
Exercise of warrants	220	2,412	–	–	2,632
Net profit for the period (restated)	–	–	–	38,909	38,909
Dividend paid	–	–	–	(14,810)	(14,810)
At 31 March 2003	24,684	61,310	18,644	305,434	410,072
Exercise of share options	40	328	–	–	368
Net profit for the period	–	–	–	43,215	43,215
Dividend paid	–	–	–	(19,779)	(19,779)
At 30 September 2003	<u>24,724</u>	<u>61,638</u>	<u>18,644</u>	<u>328,870</u>	<u>433,876</u>

**Condensed Consolidated Cash Flow Statement
For the six months ended 30 September 2003**

	Six months ended	
	30.9.2003	30.9.2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net cash from operating activities	41,385	50,910
Net cash used in investing activities	(65,485)	(31,215)
Net cash (used in) from financing activities	<u>(19,411)</u>	<u>24,796</u>
Net (decrease) increase in cash and cash equivalents	(43,511)	44,491
Cash and cash equivalents at the beginning of the period	<u>156,728</u>	<u>108,803</u>
Cash and cash equivalents at the end of the period, representing bank balances and cash	<u><u>113,217</u></u>	<u><u>153,294</u></u>

Notes To The Condensed Financial Statements
For the six months ended 30 September 2003

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) 25 “Interim Financial Reporting” issued by Hong Kong Society of Accountants and with the applicable disclosure requirements of Appendix 16 to Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention as modified for the revaluation of land and buildings.

The accounting policies adopted for the preparation of the condensed financial statements are consistent with those adopted by the Group in its annual financial statements for the year ended 31 March 2003 except as described below.

Income Taxes

In the current period, the Group has adopted SSAP 12 (Revised) “Income Taxes”. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit with limited exceptions.

In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. Comparative amounts for 2002 have been restated accordingly. As a result of this change in policy, retained earnings at 1 April 2002 has been decreased by HK\$4,222,000, which is the cumulative effect of the change in policy on the results for the periods prior to 1 April 2002. The profit for the six months ended 30 September 2003 have been decreased by HK\$535,000 (2002: HK\$689,000).

3. SEGMENTAL INFORMATION

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. Accordingly, the Group reports its primary segment information based on geographical market.

	Six months ended			
	30.9.2003 Revenue <i>HK\$'000</i>	30.9.2003 Results <i>HK\$'000</i>	30.9.2002 Revenue <i>HK\$'000</i>	30.9.2002 Results <i>HK\$'000</i>
United States	109,173	30,990	142,765	42,877
Europe	107,530	28,619	71,568	18,584
Asia	13,543	2,650	20,370	4,066
Others	6,314	1,809	5,308	1,521
	<u>236,560</u>	64,068	<u>240,011</u>	67,048
Unallocated corporate expenses		(17,622)		(14,501)
Other operating income		400		692
Profit from operations		<u>46,846</u>		<u>53,239</u>

4. PROFIT FROM OPERATIONS

Six months ended	
30.9.2003	30.9.2002
<i>HK\$'000</i>	<i>HK\$'000</i>

Profit from operations has been arrived at after charging:

Depreciation and amortisation	<u>14,727</u>	<u>11,686</u>
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5. FINANCE COSTS

The finance costs for the period ended 30 September 2002 represented interest expense on bank borrowings wholly repayable within five years.

6. TAXATION

	30.9.2003 <i>HK\$'000</i>	30.9.2002 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	4,279	3,647
Deferred taxation		
Current period	58	689
Attributable to the change in tax rate in Hong Kong	<u>633</u>	<u>-</u>
	<u>4,970</u>	<u>4,336</u>

Hong Kong Profits Tax is calculated at the rate of 17.5% (2002: 16%) on the estimated assessable profit for the period.

7. DIVIDEND PAID

On 29 September 2003, a dividend of HK8 cents per share (2002: HK7.2 cents) was paid to shareholders as final dividend for 2003.

The directors have determined that an interim dividend of HK4 cents per share and a special dividend of HK2.5 cents per share (2002: HK4 cents and HK2 cents) be paid to the shareholders of the Company whose names appear in the Register of Members on 9 January 2004.

8. EARNINGS PER SHARE

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

	Six months ended	
	30.9.2003	30.9.2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Restated)</i>
Earnings		
Earnings for the purposes of basic and diluted earnings per share	43,215	49,690
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	245,569,041	214,230,482
Effect of dilutive potential ordinary shares:		
– Share options	7,927,309	7,666,949
– Warrants	–	14,562,236
Weighted average number of shares for the purpose of diluted earnings per share	253,496,350	236,459,667

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$18,207,000 (six months ended 30 September 2002: HK\$32,047,000) on additions of property, plant and equipment.

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 reporting date:

	30.9.2003	31.3.2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables		
Current	103,988	82,305
Overdue up to 90 days	17,216	15,063
Overdue more than 90 days	7,119	5,273
	128,323	102,641
Other receivables	8,494	6,047
	136,817	108,688

11. TRADE AND OTHER PAYABLES

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

	30.9.2003	31.3.2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables		
Current and overdue up to 90 days	88,624	57,490
Overdue more than 90 days	4,657	3,034
	<hr/>	<hr/>
	93,281	60,524
Other payables	17,275	21,197
	<hr/>	<hr/>
	110,556	81,721

12. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities (assets) recognised by the Group and movements thereon during the current and prior reporting periods:

	Accelerated tax depreciation	Revaluation of properties	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2002			
– as previously reported	800	–	800
– adjustment on adoption of SSAP 12 (Revised)	4,851	(629)	4,222
	<hr/>	<hr/>	<hr/>
– as restated	5,651	(629)	5,022
Charge to income for the period	689	–	689
	<hr/>	<hr/>	<hr/>
At 30 September 2002	6,340	(629)	5,711
Charge to income for the period	1,026	12	1,038
	<hr/>	<hr/>	<hr/>
At 31 March 2003	7,366	(617)	6,749
Credit to income for the period	58	–	58
Effect of change in tax rate	691	(58)	633
	<hr/>	<hr/>	<hr/>
At 30 September 2003	8,115	(675)	7,440

For the purpose of balance sheet presentation, deferred tax assets and liabilities have been offset in accordance with the conditions set out in SSAP 12 (Revised). The following is the analysis of the deferred tax balances for financial reporting purposes:

	30.9.2003	31.3.2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Deferred tax liabilities	8,115	7,366
Deferred tax assets	(675)	(617)
	<hr/>	<hr/>
	7,440	6,749

13. SHARE CAPITAL

	Number of shares	Amount HK\$ '000
Ordinary shares of HK\$0.10 each		
Issued and fully paid:		
At 1 April 2003	246,839,200	24,684
Issue of shares upon exercise of share options	400,000	40
	<u>247,239,200</u>	<u>24,724</u>
At 30 September 2003	<u>247,239,200</u>	<u>24,724</u>

14. COMMITMENTS

	30.9.2003 HK\$ '000	31.3.2003 HK\$ '000
Capital expenditure contracted for but not provided in the financial statements		
– Acquisition of plant and machinery	14,782	16,333
– Factory under construction	4,120	3,389
	<u>18,902</u>	<u>19,722</u>
Capital expenditure authorised but not contract for		
– Factory under construction	–	474
	<u>18,902</u>	<u>20,196</u>
Commitments for license fee for brandnames contracted for but not provided in the financial statements	2,822	5,148
	<u>21,724</u>	<u>25,344</u>

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK4 cents and a special dividend of HK2.5 cents per share for the six months ended 30 September 2003 (2002: HK4 cents and HK2 cents). The interim dividend will be payable on or about 20 February 2004 to shareholders whose names appear on the register of members of the Company on 9 January 2004.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 7 January 2004 to 9 January 2004, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the abovementioned interim dividend and special dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Secretaries Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong no later than 4:00 p.m. on 6 January 2004.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's unaudited consolidated turnover and profit attributable to shareholders for the six months ended 30 September 2003 were HK\$237 million and HK\$43 million, representing a decrease of 1% and 13% respectively over the corresponding period last year. Basic earnings per share also decreased by 22% to HK18 cents.

The global business environment remained difficult in the first six months of the current fiscal year due to political instability and economic uncertainty. Despite this, the Group's core original design manufacturing (ODM) business continued to grow during the period under review, and the turnover of the ODM business increased to a record half-year level of HK\$219 million from HK\$215 million of the corresponding period last year. However, this positive contribution of the ODM business to the Group's turnover was more than offset by the unsatisfactory performance of the Group's distribution business for branded products, of which the turnover decreased to HK\$17 million from HK\$25 million of the corresponding period last year. The combined effects of the different performance of the Group's ODM and distribution business was a slight decline of the Group's overall turnover. The ODM business and the distribution business for licensed branded products accounted for 93% and 7% (2002: 89% and 11%) of the Group's turnover respectively.

During the period under review, the Group's net profit had a relatively larger decline than its turnover. That was mainly due to increases in certain manufacturing overheads, and in particular the increase in depreciation and amortization expenses despite the slight decline in the Group's turnover as a result of larger fixed asset investments made in previous year. Higher raw material costs due to the depreciation of the United States dollar against the Euro, and more competitive prices offered to customers also resulted in larger decline in net profit than turnover.

Steady Growth in the ODM Business

Turnover to the Group's ODM customers increased by 2% to HK\$219 million. Due to the unsatisfactory economic situation in the United States, the Group reported a decline of 22% for its ODM turnover to the United States, while the Group's turnover to Europe increased by 55%. The increase in turnover to the Group's customers in Europe has not only completely eliminated the adverse effect of decline in turnover to the United States, but it also contributed to an overall growth in the Group's ODM business. The Directors believe that more and more European customers are working with the Group due to its reputation and highly recognized design and manufacturing capabilities.

United States and Europe continued to be the major markets of the Group's products and accounted for 49% and 47% (2002: 64% and 31%) of the Group's turnover of its ODM business. The Group's proportion of sales to Europe has become more significant gradually.

Distribution for Licensed Branded Products

Turnover contributed by the Group's distribution business decreased by 31% to HK\$17 million. Asia is the major market for the Group's licensed branded products, and inevitably the outbreak of severe acute respiratory syndrome ("SARS") during the period under review had a significant adverse impact on the Group's distribution business.

FINANCIAL POSITION

During the period under review, the Group continued to benefit from the strong cash inflow from operations, which generated net operating cash inflow of HK\$41 million. As at 30 September 2003, net current assets and current ratio of the Group were approximately HK\$241 million and 3:1 respectively. As at 30 September 2003, the Group did not have any bank borrowings and had long-term bank deposits as well as bank and cash balance amounting to HK\$160 million. The total shareholders' equity of the Group increased to HK\$434 million as at 30 September 2003 from HK\$410 million at 31 March 2003. 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.

Given the Group's strong cash flows, once again the Directors have resolved to declare a special dividend of HK2.5 cents per share on the top of the interim dividend of HK4 cents per share for the six months ended 30 September 2003. The Directors will continue to monitor the dividend policy closely to ensure that the optimal balance can be achieved between the reinvestment and distribution of earnings in the Group and to the shareholders respectively.

Most of the Group's transactions were conducted in US dollars, Hong Kong dollars and Renminbi. In addition, the majority of the Group's assets were also kept in these currencies. No hedging for foreign exchange was used given that the Group's exposure to currency fluctuation was still relatively limited.

At 30 September 2003, the Company has guaranteed the bank facilities of its subsidiaries amounting to approximately HK\$46 million (31 March 2003: HK\$46 million).

PROSPECTS

After a period of stagnant business in the first six months of the fiscal year, the Group has experienced an encouraging growth in business again. The Group's turnover for October and November of 2003 showed a growth of approximately 14% when compared with the corresponding two months in 2002. Signs suggesting continuous improvement in market situation have been seen, and the Directors are optimistic about the Group's business performance in the second half of the fiscal year.

The Directors believe that the demand for the Group's ODM products will remain strong for the second half of the fiscal year. The economic environment in the United States appears to be improving and it is expected that demand for the Group's ODM products in the United States will pick up. It is also expected that the growth of demand in the European market will contribute significantly to the Group's overall results. The Group will continue to invest to upgrade its production facilities and to expand production capacity.

Clear signs of recovery have also been seen for the Group's distribution business after the gradual fading-out of SARS in Asia and the improved global economic situation in the second half of the year. In addition, the Directors are pleased to announce that the Group has successfully obtained the exclusive right to distribute eyewear for the internationally renowned brand Levi's®, and the new Levi's® eyewear collection will be initially launched in certain Asian countries through the Group's established distribution channels in next few months. This newly developed Levi's® eyewear collection has received very favorable market response so far, and it is expected that the performance of the distribution business for licensed branded products will be satisfactory in the second half of the fiscal year.

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.

SHARE OPTIONS

Pursuant to the Company's share option scheme (the "Scheme"), the Company granted share options in favour of certain directors, the details of which are as follows:

	Option grant date	Number of share options			
		Outstanding as at 1 April 2003	Exercised during the period	Outstanding as at 30 September 2003	Percentage of issued share capital
Directors					
Ku Ngai Yung, Otis	3 March 2000	3,600,000	–	3,600,000	1.46%
Ku Ka Yung	3 March 2000	3,600,000	–	3,600,000	1.46%
Ku Ling Wah, Phyllis	3 March 2000	2,600,000	–	2,600,000	1.05%
Ma Sau Ching	11 June 2000	900,000	400,000 (Note 1)	500,000	0.2%
			<u>400,000</u>	<u>10,300,000</u>	

Note:

- (1) On 25 August 2003, Ms. Ma Sau Ching exercised her rights to subscribe for 400,000 shares under the Scheme.

Details of each category of share options are as follows:

Date of grant	Exercise period	Exercise Price HK\$
3 March 2000	3 March 2000 – 2 March 2005	0.75
11 June 2001	11 June 2001 – 10 June 2006	0.92

No share option was granted by the Company during the year.

At 30 September 2003, the number of shares in respect of which share options had been granted and remained outstanding under the Scheme was 10,300,000, representing 4.17% of the shares of the Company in issue.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 September 2003, the interests and short position of the Directors and chief executives of the Company in the shares or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:–

1. Shares in the Company (Long Position)

Name of director	Personal interest	Number of shares		Percentage of issued share capital
		Other interest	Total	
Ku Ngai Yung, Otis	–	136,288,000 (Note 1)	136,288,000	55.12%
Ku Ka Yung	–	136,288,000 (Note 1)	136,288,000	55.12%
Ku Ling Wah, Phyllis	1,000,000	136,288,000 (Note 1)	137,288,000	55.53%
Cheung Chiu Hung	1,350,000	–	1,350,000	0.55%

Name of director	Personal interest	Number of shares		Percentage of issued share capital
		Other interest	Total	
Tsang Wing Leung, Jimson	1,636,000	–	1,636,000	0.66%
Chan Chi Sun	1,526,000	–	1,526,000	0.62%
Ma Sau Ching	400,000 (Note 2)	–	400,000	0.16%

Note:

- (1) 136,288,000 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 18.
- (2) Ms. Ma Sau Ching disposed of 30,000 shares and 70,000 shares on 30 April 2003 and 5 May 2003 respectively, which she obtained the shares under the share option scheme on 16 August 2002. On 25 August 2003, she also exercised her rights to subscribe for 400,000 shares at the price of HK\$0.92 per share pursuant to the share option scheme.

2. Underlying Shares in the Company (Share Options)

Details of the share options held by the Directors and chief executive of the Company are shown in the preceding section under the heading “Share Options”.

Save as disclosed above, as at 30 September 2003, none of the Director or chief executive 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 required to be kept under 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 Companies.

SUBSTANTIAL SHAREHOLDERS' AND OTHERS' INTERESTS

As at 30 September 2003, the following parties (other than those disclosed under the heading "Directors' Interests in Shares, Underlying Shares and Debentures" 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:

Name	Number of Shares	Percentage of Issued Share Capital
J.P. Morgan Chase & Co.	17,410,000	7.04%
Value Partners Limited	19,688,000 (<i>Note 1</i>)	7.96%
Arisaig Greater China Fund	23,950,000 (<i>Note 2</i>)	9.69%

Note:

- (1) As at 30 September 2003, Value Partners Limited was controlled by Mr. Cheah Cheng Hye. Therefore, Mr. Cheah was deemed to be interested in the shares held by Value Partners Limited under SFO.
- (2) Arisaig Partners (Mauritius) Limited is the fund manager of Arisaig Greater China Fund. Mr. Lindsay William Ernest Cooper is an individual with discloseable interest through his indirect interest in Arisaig Partners (Mauritius) Limited.

All the interests stated above represent long position. Save as disclosed above, at 30 September 2003, the register maintained by the Company pursuant to Section 336 of the SFO recorded no other interests or short positions in shares or underlying shares of the Company.

CODE OF BEST PRACTICE

None of the Directors is aware of any information which would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 September 2003, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. All directors except for the chairman of the board and/or the managing director of the Company are subject to retirement by rotation at annual general meetings of the Company in accordance with the Company's bye-laws.

AUDIT COMMITTEE

The Audit committee has reviewed with the management and the external auditors the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the unaudited interim financials. The Group's unaudited interim financial statements have been reviewed by the Company's joint auditors, Deloitte Touche Tohmatsu and KLL Associates CPA Ltd, and their review report is on page 17.

APPRECIATION

On behalf of the Board, I would like to thank our customers for their support during the year. 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, 12 December 2003



德勤·關黃陳方會計師行

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INDEPENDENT REVIEW REPORT

**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 been instructed by the Company to review the interim financial report set out on pages 1 to 9.

Directors' responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Statement of Standard Accounting Practice 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report 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.

Review work performed

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 September 2003.

Deloitte Touche Tohmatsu
Certified Public Accountants

KLL Associates CPA Limited
Law Fung Ha
Practising Certificate Number P03958

Hong Kong, 12 December 2003



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

二零零三至二零零四年中期報告