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SUN HING
VISION GROUP
HOLDINGS LIMITED
Interim Report 2007/08

新興光學集團控股有限公司二零零七年至二零零八年中期報告

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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

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 Hong Kong and Shanghai Banking
Corporation Limited
Citibank (Hong Kong) Limited

WEBSITE

www.sunhingo.com

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period under review, the Group experienced continuous growth in its turnover by 20% to HK\$535 million (2006: HK\$446 million). Despite the severe cost pressure arising from the difficult operating environment, the Group has been able to maintain a stable level of overall profitability by implementing various effective measures in enhancing its operating efficiency. For the six months ended 30 September 2007, the net profit of the Group increased by 38% to HK\$72 million (2006: HK\$53 million). Basic earnings per share increased by 40% to HK28 cents.

During the six months ended 30 September 2007, the demand for the Group's products remained strong for both of its original design manufacturing (ODM) business as well as its branded eyewear distribution business. The branded eyewear distribution business grew at a rapid pace during the current period whereas the ODM business continued to grow satisfactorily 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 87% and 13% of the Group's turnover, respectively (2006: 89% and 11%).

The difficult operating environment for manufacturing companies in China persisted during the period under review. Without exception, the Group's profitability was adversely affected by increasing raw material costs, energy prices and the surge in wage levels. However, due to the pro-active improvement measures undertaken by the Group in enhancing its operational efficiency, the gross profit margin percentage for the period under review remained stable at approximately 29% when compared with that of 2007 fiscal year (March 2007: 29%).

THE ODM BUSINESS

During the period under review, the Group recorded a satisfactory growth in its ODM turnover of 17% to HK\$464 million (2006: HK\$396 million). Market preference between metal and plastic eyewear products continued to return to a more balanced state, which was certainly beneficial to the turnover growth and performance of the Group. Sales of metal frames, plastic frames and other spare parts accounted for 60%, 39% and 1% respectively of the Group's ODM turnover during the period under review (2006: 66%, 32% and 2%).

The Group's ODM turnover to Europe was stable at HK\$254 million (2006: HK\$257 million), while sales to the United States significantly increased by 57% to HK\$207 million (2006: HK\$131 million). Due to its premium product quality, improved strength in product development and order fulfillment capability, the Group was able to acquire more orders from its ODM customers and this trend was particularly evident for the Group's United States customers. Europe and the United States remained as the major markets of the Group's products and accounted for 55% and 44% (2006: 65% and 33%) 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 remarkably by 44% to HK\$71 million (2006: HK\$49 million). This encouraging performance is attributed to the continuous expansion of the geographic coverage of the Levi's eyewear collection during the period, as well as the increasing popularity of eyewear collections for other existing brands, including our in-house fashion brand "PUBLIC+". Asia continued to be the major market of the Group's branded eyewear distribution business and accounted for 61% of the Group's distribution turnover (2006: 60%).

LIQUIDITY AND CAPITAL RESOURCES

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\$116 million. As at 30 September 2007, net current assets and current ratio of the Group were approximately HK\$419 million and 3:1 respectively. As at 30 September 2007, the Group had time deposits as well as bank and cash balance amounting to HK\$206 million and did not have any bank borrowings. The total shareholders' equity of the Group increased to HK\$689 million as at 30 September 2007 from HK\$648 million at 31 March 2007. 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.

Supported by the Group's strong cash position, once again the Directors have resolved to declare a special dividend of HK2.8 cents per share on the top of the interim dividend of HK4.5 cents per share for the six months ended 30 September 2007. The Directors will continue to monitor the dividend policy closely to ensure that an optimal balance can be achieved between the reinvestment in the Group and distribution of earnings 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. The exchange rates between these currencies were relatively stable during the period under review, save in respect of the gradual appreciation of Renminbi against US 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 2007, the Company guaranteed the bank facilities of its subsidiaries amounting to approximately HK\$92 million (2006: HK\$66 million), and none of the above-mentioned bank facilities were utilized.

HUMAN RESOURCES

The Group had a workforce of over 9,000 people as at 30 September 2007. 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

Given the Group's excellent product development and order fulfillment capability, the Directors are confident of the long-term prospects of the Group's ODM business. However, the challenges arising from heightening production cost pressure are expected to continue in the second half of the fiscal year, especially for pressure stemming from the upward movement of raw material prices, wage levels and energy prices. Facing these challenges, the Group is undertaking various productivity and operating efficiency enhancement projects with a view to alleviate the negative factors in a pro-active manner. In addition, the sub-prime mortgage crisis in the global financial markets and its impacts on the consumer markets may have adverse impacts on the Group's overall business. The Directors are closely monitoring the situation and will adjust its development strategy swiftly in response to the increased uncertainty if necessary.

It is expected that the performance of the branded eyewear distribution business will remain satisfactory for the second half of the fiscal year. The Group will continue to seek opportunities to expand the geographic coverage of the eyewear collections under its brand portfolio, and to explore different distribution strategies to increase the market penetration of its products in each major market. In the meantime, the Group will strive to optimize its brand portfolio by way of acquiring more prominent brands and increased cooperation with licensing and eyewear distribution partners to develop unique and high-quality products and dedicating more resources on selected brands with prominent growth potential. It is expected that the branded eyewear distribution business will be an important growth driver for the Group in the coming few years.

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 2007 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 2007.

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

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 8 to 19, which comprises the condensed consolidated balance sheet of Sun Hing Vision Group Holdings Limited as of 30 September 2007 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
19 December 2007

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

		Six months ended	
	NOTES	30.9.2007 HK\$'000 (Unaudited)	30.9.2006 HK\$'000 (Unaudited)
Revenue	3	534,843	445,685
Cost of sales		(382,272)	(322,228)
Gross profit		152,571	123,457
Bank interest income		3,690	1,488
Other income		663	782
Selling and distribution costs		(10,554)	(6,798)
Administrative expenses		(65,872)	(59,869)
Profit before taxation		80,498	59,060
Taxation	4	(8,059)	(6,421)
Profit for the period	5	72,439	52,639
Dividend	6	31,533	21,285
Earnings per share	7		
Basic		HK28 cents	HK20 cents
Diluted		HK28 cents	HK20 cents

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 SEPTEMBER 2007

	NOTES	30.9.2007 HK\$'000 (Unaudited)	31.3.2007 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	260,574	243,963
Prepaid lease payments		4,000	4,047
Time deposit	9	11,700	11,700
		276,274	259,710
CURRENT ASSETS			
Inventories		170,746	167,595
Trade and other receivables	10	263,879	237,548
Prepaid lease payments		91	91
Time deposit	9	15,600	15,600
Bank balances and cash		178,639	131,966
		628,955	552,800
CURRENT LIABILITIES			
Trade and other payables	11	194,856	151,102
Tax liabilities		14,766	6,707
		209,622	157,809
NET CURRENT ASSETS			
		419,333	394,991
		695,607	654,701
CAPITAL AND RESERVES			
Share capital	12	26,278	26,278
Reserves		662,628	621,722
		688,906	648,000
NON-CURRENT LIABILITY			
Deferred tax liabilities		6,701	6,701
		695,607	654,701

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

	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 2006 (audited)	26,248	78,699	18,644	–	447	433,826	557,864
Profit for the period and total recognised income for period	–	–	–	–	–	52,639	52,639
Issue of shares upon exercise of share options	30	246	–	–	–	–	276
Recognition of equity-settled share-based payment	–	–	–	–	108	–	108
Dividend paid	–	–	–	–	–	(21,285)	(21,285)
At 30 September 2006 (unaudited)	26,278	78,945	18,644	–	555	465,180	589,602
Surplus on revaluation of land and buildings	–	–	–	1,600	–	–	1,600
Deferred tax liability arising on revaluation of land and buildings	–	–	–	(280)	–	–	(280)
Net income recognised directly in equity	–	–	–	1,320	–	–	1,320
Profit for the period and total recognised income for the period	–	–	–	–	–	73,263	73,263
Recognition of equity-settled share-based payment	–	–	–	–	107	–	107
Dividend paid	–	–	–	–	–	(16,292)	(16,292)
At 31 March 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
Dividend paid	–	–	–	–	–	(31,533)	(31,533)
At 30 September 2007 (unaudited)	26,278	78,945	18,644	1,320	662	563,057	688,906

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 2007

	Six months ended	
	30.9.2007	30.9.2006
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash from operating activities	116,278	71,803
Purchase of property, plant and equipment and cash used in investing activity	(38,072)	(33,781)
Proceeds on issue of shares upon the exercise of share options	–	276
Dividend paid	(31,533)	(21,285)
Net cash used in financing activities	(31,533)	(21,009)
Net increase in cash and cash equivalents	46,673	17,013
Cash and cash equivalents at the beginning of period	131,966	104,227
Cash and cash equivalents at the end of period, representing bank balances and cash	178,639	121,240

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

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 Group’s annual audited financial statements for the year ended 31 March 2007.

In the current interim period, the Group has applied, for the first time, a number of new standard, amendment and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning 1 April 2007. 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 standards, amendment and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC)-INT 12	Service Concession Arrangements ²
HK(IFRIC)-INT 13	Customer Loyalty Programmes ³
HK(IFRIC)-INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ²

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 January 2008

³ Effective for annual periods beginning on or after 1 July 2008

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			
	30.9.2007		30.9.2006	
	Revenue HK\$'000	Results HK\$'000	Revenue HK\$'000	Results HK\$'000
Europe	257,672	50,552	263,449	49,622
United States	220,728	46,993	135,075	26,863
Asia	46,228	3,825	35,343	3,433
Others	10,215	1,229	11,818	1,574
	534,843	102,599	445,685	81,492
Unallocated corporate income		4,353		2,270
Unallocated corporate expenses		(26,454)		(24,702)
Profit before taxation		80,498		59,060
Taxation		(8,059)		(6,421)
Profit for the period		72,439		52,639

4. TAXATION

	Six months ended	
	30.9.2007	30.9.2006
	HK\$'000	HK\$'000
Hong Kong Profits Tax	8,059	6,421

Hong Kong Profits Tax is calculated at 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 Profit 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	
	30.9.2007	30.9.2006
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	21,461	19,867
Release of prepaid lease payments	47	47
Expense in relation to share options granted to employees	—	108

6. DIVIDEND

On 24 August 2007, the final dividend of HK10 cents per share and the final special dividend of HK2 cents per share in respect of the year ended 31 March 2007 (year ended 31 March 2006: final dividend of HK8.1 cents per share) was paid to shareholders.

The directors have determined that an interim dividend of HK4.5 cents per share and a special dividend of HK2.8 cents per share (year ended 31 March 2007: an interim dividend of HK4.2 cents per share and a special dividend of HK2 cents per share) will be paid to the shareholders of the Company whose names appear in the Register of Members on 17 January 2008.

7. EARNINGS PER SHARE

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

	Six months ended	
	30.9.2007	30.9.2006
	HK\$'000	HK\$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	72,439	52,639
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	262,778,286	262,773,368
Effect of dilutive potential ordinary shares:		
– Share options	60,465	2,970
Weighted average number of ordinary shares for the purpose of diluted earnings per share	262,838,751	262,776,338

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$38,072,000 (six months ended 30 September 2006: HK\$33,781,000) on additions to property, plant and equipment.

At 30 September 2007, 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 deposits are denominated in United States dollar with an initial term of six years to ten years. The deposits carry interests determined by formulae with reference to the London Interbank Offer Rate. Included in the amount is a deposit of HK\$15,600,000 (year ended 31 March 2007: HK\$15,600,000) that the bank has an unconditional right to terminate the deposit at the end of each quarter during the six-year period. The Group also has the right to early terminate the deposits prior to the maturity date of 17 July 2009.

	30.9.2007	31.3.2007
	HK\$'000	HK\$'000
Analysis for reporting purposes as:		
Current	15,600	15,600
Non-current	11,700	11,700
	27,300	27,300

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:

	30.9.2007	31.3.2007
	HK\$'000	HK\$'000
Trade receivables		
Current	224,723	207,744
Overdue up to 90 days	31,203	24,111
Overdue more than 90 days	1,750	716
	257,676	232,571
Other receivables	6,203	4,977
	263,879	237,548

11. TRADE AND OTHER PAYABLES

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

	30.9.2007	31.3.2007
	HK\$'000	HK\$'000
Trade payables		
Current and overdue up to 90 days	116,973	102,302
Overdue more than 90 days	4,960	1,295
	121,933	103,597
Other payables	72,923	47,505
	194,856	151,102

12. SHARE CAPITAL

	Number of shares	Nominal amount
		HK\$'000
Ordinary shares of HK\$0.10 each		
Issued and fully paid:		
At 1 April 2007 and 30 September 2007	262,778,286	26,278

13. CAPITAL AND OTHER COMMITMENTS

	30.9.2007 HK\$'000	31.3.2007 HK\$'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements		
– Factory under construction	327	327
Capital expenditure authorised but not contracted for		
– Acquisition of plant and machinery	1,464	837
– Factory under construction	6,781	7,322
	8,245	8,159
Commitments for license fee for brand names contracted for but not provided in the condensed consolidated financial statements	3,434	4,798

14. MAJOR NON-CASH TRANSACTIONS

During the period, construction in progress of approximately HK\$5,953,000 (six months ended 30 September 2006: HK\$4,910,000) 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	
	30.9.2007	30.9.2006
	HK\$'000	HK\$'000
Short-term benefits	2,781	1,837
Share-based payments	–	108
	2,781	1,945

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 HK2.8 cents per share for the six months ended 30 September 2007 (2006: HK4.2 cents and HK2 cents). The interim dividend and interim special dividend will be payable on or about 15 February 2008 to the shareholders whose names appear on the register of members of the Company at the close of trading on 17 January 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 15 January 2008 to 17 January 2008, 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 14 January 2008.

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 2007:

Grantees	Date of grant	Exercisable period	Number of share options			Exercise Price HK\$	
			Outstanding at 1 April 2007	Exercised during the period	Forfeited during the period		Outstanding at 30 September 2007
Employees	2 April 2004	2 April 2004 to 1 April 2009 (Notes 1 & 2)	1,200,000	–	–	1,200,000	3.5
Total			1,200,000	–	–	1,200,000	

Notes:

- All the options have been vested.
- 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 2007, the total number of shares in respect of which share options had been granted and remained outstanding under the Old Share Option Scheme was 1,200,000, representing approximately 0.46% 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. 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 2007, the interests and short positions of the Directors and chief executives, 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 required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

1. LONG POSITIONS IN THE SHARES OF THE COMPANY

Name of Directors	Number of ordinary shares held			Percentage of the issued share capital of the Company
	Beneficial owner	Held by a discretionary trust (Note)	Total	
Ku Ngai Yung, Otis	3,737,223	137,359,382	141,096,605	53.69%
Ku Ka Yung	3,737,223	137,359,382	141,096,605	53.69%
Ku Ling Wah, Phyllis	–	137,359,382	137,359,382	52.27%
Tsang Wing Leung, Jimson	1,636,000	–	1,636,000	0.62%
Chan Chi Sun	1,526,000	–	1,526,000	0.58%
Ma Sau Ching	700,000	–	700,000	0.27%

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" above.

Save as disclosed above, as at 30 September 2007, 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 required to be kept 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 2007, 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 (Note 3)	20,532,000	7.81%
Value Partners Limited (Note 3)	20,532,000	7.81%
Deutsche Bank Aktiengesellschaft (Note 4)	15,778,000	6.00%
OCM Emerging Markets Fund, L.P. (Note 5)	18,824,000	7.16%
Oaktree Capital Management, LLC (Note 5)	18,824,000	7.16%
Allard Partners Limited (Note 6)	16,252,000	6.18%
David Michael Webb (Note 7)	13,152,000	5.00%

Notes:

1. As at 30 September 2007, 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. 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.
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 the date of filing the substantial shareholder notice on 12 May 2005, Mr. Cheah Cheng Hye owns 31.82% of issued share capital of Value Partners Limited, an investment manager. Mr. Cheah was therefore deemed to be interested in the shares held by Value Partners Limited under the SFO.
4. 15,778,000 shares were held by Deutsche Bank Aktiengesellschaft as security interest.
5. As at the date of filing the substantial shareholder notice on 3 February 2006, Oaktree Capital Management, LLC owns 2% of 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.
6. Allard Partners Limited is a fund management company.
7. As at 30 September 2007, of the 13,152,000 shares held by David Michael Webb, 11,292,000 shares were held through his wholly-owned company, Preferable Situation Assets Limited, while 1,860,000 shares were held directly by him. By virtue of Preferable Situation Assets Limited's interests in the Company, David Michael Webb is deemed to be interested in 11,292,000 shares under the SFO.

All the interests stated above represent long position. Save as disclosed above, as at 30 September 2007, 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.

A stylized, cursive logo for Sun Hing Vision Group Holdings Limited. The word "Sun Hing" is written in a fluid, handwritten style with a large, sweeping 'S' at the beginning and a long, trailing 'g' at the end.

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