11/12

INTERIM REPORT 中期報告

SUN HING VISION GROUP HOLDINGS LIMITED

新興光學集團控股有限公司

STOCK CODE 股份代號：125

CONTENTS

CORPORATE INFORMATION

Board of Directors

Executive Directors

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

Non-executive Director

Ku Yiu Tung

Independent Non-executive Directors

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

Company Secretary

Yung Yun Sang, Simon

Auditor

Deloitte Touche Tohmatsu

Legal Adviser in Hong Kong

King & Wood

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

HSBC Securities Services (Burmuda) Limited
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

The business environment was challenging during the period under review. For the six months ended 30 September 2011, turnover of the Group increased by 9% to HK$593 million (2010: HK$541 million). However, due to the rapidly rising operation costs in China, net profit of the Group decreased by 9% to HK$44 million (2010: HK$49 million). Accordingly, basic earnings per share decreased by 11% to HK17 cents (2010: HK19 cents).

Due to its excellent design capability, strong brand management and efficient operations, the Group was able to record turnover growth for both of its original design manufacturing ("ODM") business and branded eyewear distribution business even in difficult time. Although the ODM business continued to be the major contributor to the turnover of the Group, the branded eyewear distribution business was expanding at a much faster pace and recorded a more significant increase in turnover due to its expanded brand portfolio. For the period under review, ODM business and branded eyewear distribution business accounted for about 86% and 14% of the Group's consolidated turnover respectively.

Profitability of the Group was adversely affected by the rising production costs in China during the period under review. The increase in minimum wages in China, more rapid pace of appreciation of Renminbi as well as higher raw material prices all imposed significant cost pressure on our operations. In response to this unfavorable operating environment, the Group continued to streamline its production and enhance operation efficiency. However, benefits from the Group's proactive cost-saving measures could not completely offset the unfavorable effects of different rising costs as mentioned above. As a result, the Group's gross profit margin decreased from 22.86% to 21.56% and net profit margin decreased from 9.03% to 7.51%.

The ODM Business

During the period under review, the Group's ODM turnover increased by 5.70% to HK$507 million (2010: HK$480 million). Europe and the United States continued to be two major markets of the Group's ODM business, which accounted for approximately 53% and 42% of the Group's total ODM turnover. The Group's ODM turnover to Europe and the United States increased by 1.70% and 7.23% to HK$269 million (2010: HK$265 million) and HK$214 million (2010: HK$199 million) respectively for the six months ended 30 September 2011. The Group was able to maintain stable business performance in these two major markets despite all the market turbulence. In terms of product mix, sales of metal frames, plastic frames and others during the period under review accounted for 53%, 46% and 1% (2010: 59%, 40% and 1%) of the Group's ODM turnover respectively.

The Branded Eyewear Distribution Business

The Group recorded a satisfactory growth in branded eyewear distribution business. During the period under review, turnover contributed by the Group's branded eyewear distribution business increased by 38.55% to HK$86 million (2010: HK$62 million). The performance of

Asian market remained strong and accounted for approximately 84% of the Group's total distribution turnover. Capitalizing on the Group's core competency in its Asian distribution network and a strong brand portfolio, the Group was able to further increase market presence of its branded eyewear products in strategic countries including China, Korea and Japan. For the six months ended 30 September 2011, turnover to Asia increased by 33.97% to HK$72 million (2010: HK$53 million). It is expected that Asian market will continue to serve as a key growth driver for its branded eyewear distribution business.

Liquidity and Capital Resources

The Group continued to maintain a strong liquidity and financial position. It held a cash and bank balance of HK$371 million as at 30 September 2011 and did not have any bank borrowings during the year. The Group cautiously managed its working capital to ensure that funding was used in the most effective manner. For the six months ended 30 September 2011, the Group recorded net cash inflow from operation of HK$80 million. The Group will continue to adopt a prudent approach to manage its cash flows in order to allow the Group to weather the uncertain business environment.

Given the Group's strong cash position, the Directors have again resolved to declare an interim 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 2011. 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 the distribution of earnings to the shareholders respectively.

As at 30 September 2011, the net current assets and current ratio of the Group were approximately HK$607 million and 3.9:1 respectively. The total shareholders' equity of the Group increased to HK$906 million as at 30 September 2011 from HK$896 million as at 31 March 2011. The Group implemented effective and responsive control over its receivables and inventory. Debtor turnover period and inventory turnover period were 85 days and 63 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. Other than the potential exposure to the gradual appreciation of Renminbi, the Group's exposure to currency fluctuation was relatively limited. The Group does not currently implement hedging for foreign exchange. However, the Group will closely monitor the foreign exchange exposures and will consider to hedge the significant foreign exchange exposure when necessary.

Human Resources

The Group had a workforce of over 9,000 people as at 30 September 2011. The Group remunerates its employees based on their performance, years of service, work experience and the prevailing market situation. Bonuses and other incentive payments are granted on a discretionary basis based on individual performance, years of service and overall operating results of the Group. Other employee benefits include medical insurance scheme, mandatory provident fund scheme or other retirement benefit scheme, subsidised or free training programs and participation in the Company's share option scheme.

Charges on Group's Assets and Contingent Liabilities

As at 30 September 2011, there were no charges on the Group's assets or any significant contingent liabilities.

Capital Commitment

Details of the Group's capital commitment are set out in Note 12 to the consolidated financial statements.

Prospects

The global economy is being clouded by a high level of uncertainty and volatility. There are stronger signs that the European sovereign debt crisis may spread from Greece to other countries including Spain and Italy. The subsequent austerity measures implemented by the European countries concerned to reduce fiscal deficits will inevitably further damage the fragile consumer market. Meanwhile, the American economy failed to recover to better growth even after the latest round of quantitative easing measures by the Federal Reserve. Japan was previously attacked by tsunami and Thailand was recently hit by massive flooding. It is expected that the related negative effects would become strong headwinds to world economy and market demand for our products in the second half of this fiscal year. In addition, operating costs in China are expected to continue to rise due to higher wage levels, appreciation of Renminbi and generally high inflation environment in China.

In response to the uncertainties and difficulties above, the Group will continue to focus on enhancing production efficiency, streamlining manufacturing processes to achieve cost savings and improving services to customers in terms of product development, delivery and quality. The Group will continue to maintain a flexible production capacity so that we can react swiftly to the dynamic changes in economy. Any capital expenditure budget will be executed in a prudent manner, but the Group will commit to invest in projects that will enhance production automation, efficiency, quality and other long-term competitiveness. Despite the short-term uncertainties, the Directors are confident of the long-term prospects of the Group's ODM business.

The Group will further optimize its brand mix for its branded eyewear distribution business by introducing new prominent brands to its portfolio. During the period under review, the Group successfully obtained the exclusive distribution right for ST Dupont eyewear in certain Asian countries. The new brand is expected to help enriching the Group's brand portfolio by widening the product range in luxury segment. The Group will continue to explore new distribution channels and will work closely with its distribution partners to enhance market presence for its branded eyewear products.

The Group is equipped with a strong balance sheet and an efficient operation, which allow us to seize any future business opportunities that may arise. At the same time, levering on our core competency in design, innovation and quality management, we are confident that the Group will weather the dynamic business environment ahead and continue to play a leading role in the industry.

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 2011 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 2011.

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, 25 November 2011

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 comprises the condensed consolidated statement of financial position of Sun Hing Vision Group Holdings Limited (the "Company") and its subsidiaries as of 30 September 2011 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 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of 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
25 November 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 September 2011

	NOTES	Six months ended 30.9.2011 HK$'000 (unaudited)	Six months ended 30.9.2010 HK$'000 (unaudited)
Revenue		**592,535**	541,390
Cost of sales		**(464,767)**	(417,641)
Gross profit		**127,768**	123,749
Bank interest income		**2,149**	887
Other income, gains and losses		**(2,920)**	220
Selling and distribution costs		**(14,947)**	(9,850)
Administrative expenses		**(62,440)**	(61,071)
Profit before taxation		**49,610**	53,935
Income tax expense	4	**(5,127)**	(5,071)
Profit and total comprehensive income for the period, attributable to the owners of the Company	5	**44,483**	48,864
Earnings per share			
Basic	7	**HK17 cents**	HK19 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September 2011

	NOTES	30.9.2011 HK$'000 (unaudited)	31.3.2011 HK$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	**295,920**	297,062
Prepaid lease payments		**3,634**	3,680
Deposit paid for acquisition of property, plant and equipment		**2,921**	2,086
		302,475	302,828
CURRENT ASSETS			
Inventories		**159,541**	164,988
Trade and other receivables	9	**282,886**	281,651
Prepaid lease payments		**91**	91
Tax recoverable		**–**	41
Bank balances and cash		**370,581**	352,617
		813,099	799,388
CURRENT LIABILITIES			
Trade and other payables	10	**199,120**	199,942
Taxation payable		**7,141**	3,283
		206,261	203,225
NET CURRENT ASSETS		**606,838**	596,163
		909,313	898,991
CAPITAL AND RESERVES			
Share capital	11	**26,278**	26,278
Reserves		**879,784**	869,462
		906,062	895,740
NON-CURRENT LIABILITY			
Deferred tax liabilities		**3,251**	3,251
		909,313	898,991

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2011

	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000	Property revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2010 (audited)	26,278	78,945	18,644	3,741	717,003	844,611
Profit for the period	–	–	–	–	48,864	48,864
Total comprehensive income for the period	–	–	–	–	48,864	48,864
Dividends recognised as distribution (note 6)	–	–	–	–	(30,220)	(30,220)
At 30 September 2010 (unaudited)	26,278	78,945	18,644	3,741	735,647	863,255
Profit for the period	–	–	–	–	49,379	49,379
Surplus on revaluation of leasehold land and buildings	–	–	–	2,740	–	2,740
Deferred tax charge arising on revaluation of leasehold land and buildings	–	–	–	(452)	–	(452)
Total comprehensive income for the period	–	–	–	2,288	49,379	51,667
Dividends recognised as distribution	–	–	–	–	(19,182)	(19,182)
At 31 March 2011 (audited)	**26,278**	**78,945**	**18,644**	**6,029**	**765,844**	**895,740**
Profit for the period	**–**	**–**	**–**	**–**	**44,483**	**44,483**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**44,483**	**44,483**
Dividends recognised as distribution (note 6)	**–**	**–**	**–**	**–**	**(34,161)**	**(34,161)**
At 30 September 2011 (unaudited)	**26,278**	**78,945**	**18,644**	**6,029**	**776,166**	**906,062**

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 2011

	Six months ended	
	30.9.2011	30.9.2010
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Net cash from operating activities	**80,195**	79,305
Purchase of property, plant and equipment	**(27,235)**	(53,730)
Others	**(835)**	2,760
Net cash used in investing activities	**(28,070)**	(50,970)
Net cash used in a financing activity – dividends paid	**(34,161)**	(30,220)
Net increase (decrease) in cash and cash equivalents	**17,964**	(1,885)
Cash and cash equivalents at the beginning of period	**352,617**	349,677
Cash and cash equivalents at the end of period, representing bank balances and cash	**370,581**	347,792

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*".

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, as appropriate.

The accounting policies used in the condensed consolidated financial statements for the six months ended 30 September 2011 are the same 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 2011.

In the current interim period, the Group has applied, for the first time, the following new or revised standards and interpretations ("new or revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

- *Improvements to HKFRSs issued in 2010*
- HKAS 24 (as revised in 2009) *Related Party Disclosure*
- Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
- HK(IFRIC)-Int 19 *Extinguishing Financial Liabilities with Equity Instruments*

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied new or revised HKFRSs that have been issued but are not yet effective. The following new or revised HKFRSs have been issued after the date the consolidated financial statements for the year ended 31 March 2011 were authorised for issuance and are not yet effective:

HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[2]
HKAS 19 (Revised 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]

1 Effective for annual periods beginning on or after 1 January 2013
2 Effective for annual periods beginning on or after 1 July 2012

HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011) were issued by the HKICPA in 2011 and are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five new or revised standards are applied early at the same time. The directors of the Company anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for financial years ending 31 March 2014.

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

3. Segmental Information

Whilst the chief operating decision makers, the Company's executive directors, regularly review revenue by geographical location of customers, information about profit or loss by geographical location of customers is not provided to the executive directors for their review. Financial information reported to the executive directors for the purposes of resource allocation and performance assessment focuses on the consolidated gross profit and analysis of the business of manufacturing and trading of eyewear products of the Group as a whole.

As a result, there is only one operating segment for the Group, which is manufacturing and trading of eyewear products. Financial information regarding this segment is provided by the condensed consolidated statement of comprehensive income.

The Group's revenue arises from manufacturing and sales of optical frames, sunglasses and related products.

4. Income Tax Expense

	Six months ended	
	30.9.2011	30.9.2010
	HK$'000	HK$'000
The charge comprises:		
Hong Kong Profits Tax	**4,707**	4,921
People's Republic of China ("PRC") Enterprise Income Tax	**420**	150
	5,127	5,071

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both the current and prior periods.

PRC Enterprise Income Tax is calculated at the rates in accordance with the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law.

A portion of the Group's profits earned by a principal subsidiary incorporated in Hong Kong, which is taxed on 50:50 apportionment basis, 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 at present subject to taxation in any other jurisdictions in which the Group operates for both periods.

Pursuant to the relevant laws and regulations in the PRC, two PRC subsidiaries of the Group are exempted from PRC income tax for two years starting from the first profit-making year, followed by a 50% reduction for the next three years.

5. Profit and Total Comprehensive Income for the Period Attributable to the Owners of the Company

	Six months ended	
	30.9.2011	30.9.2010
	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	**28,377**	25,595
Employee benefits expenses	**187,947**	162,775
Release of prepaid lease payments	**45**	45

6. Dividends

On 23 September 2011, the final dividend in respect of the year ended 31 March 2011 of HK10 cents per share and a special dividend of HK3 cents per share amounting to approximately HK$34,161,000 in total (six months ended 30 September 2010: final dividend in respect of the year ended 31 March 2010 of HK10 cents per share and a special dividend of HK1.5 cents per share amounting to approximately HK$30,220,000 in total) were paid to shareholders.

Subsequent to 30 September 2011, the directors determined that an interim dividend of HK4.5 cents per share and a special dividend of HK2.8 cents per share in respect of the year ending 31 March 2012 (2010: an interim dividend of HK4.5 cents per share and a special dividend of HK2.8 cents per share in respect of the year ended 31 March 2011 amounting to approximately HK$19,182,000 in total) will be paid to the shareholders of the Company whose names appear in the Register of Members on 22 December 2011.

7. Earnings Per Share

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

	Six months ended	
	30.9.2011	30.9.2010
	HK$'000	HK$'000
Earnings		
Earnings for the purpose of basic earnings per share	**44,483**	48,864
Number of shares		
Number of ordinary shares in issue for the purpose of basic earnings per share	**262,778,286**	262,778,286

No diluted earning per share is presented because there were no potential ordinary shares outstanding in both periods.

8. Movements in Property, Plant and Equipment

During the period, the Group spent approximately HK$27,235,000 (six months ended 30 September 2010: HK$53,730,000) on acquisition of property, plant and equipment.

In the opinion of the directors of the Company, the aggregate carrying amount of the Group's leasehold land and buildings that are carried at revalued amounts does not differ significantly from their estimated aggregate fair value. Consequently, no revaluation surplus or deficit has been recognised in the current period (six months ended 30 September 2010: Nil).

9. Trade and Other Receivables

The Group allows a credit period at between 30 to 90 days to its trade customers. The following is an aged analysis of trade receivables presented based on the payment due date at the end of the reporting period:

	30.9.2011 **HK$'000**	31.3.2011 HK$'000
Trade receivables		
Current	**243,047**	241,305
Overdue up to 90 days	**28,689**	29,341
Overdue more than 90 days	**3,747**	3,158
	275,483	273,804
Prepayments	**4,693**	4,055
Other receivables	**2,710**	3,792
Trade and other receivables	**282,886**	281,651

10. Trade and Other Payables

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

	30.9.2011 **HK$'000**	31.3.2011 HK$'000
Trade payables		
Current and overdue up to 90 days	**130,667**	134,116
Overdue more than 90 days	**8,091**	3,332
	138,758	137,448
Accruals	**55,696**	56,381
Other payables	**4,666**	6,113
	199,120	199,942

11. Share Capital

	Number of shares	Nominal amount HK$'000
Ordinary shares of HK$0.10 each		
Issued and fully paid:		
At 1 April 2011 and 30 September 2011	**262,778,286**	26,278

12. Capital and Other Commitments

	30.9.2011 **HK$'000**	31.3.2011 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements		
– Acquisition of plant and machinery	**4,652**	8,632
– Factory under construction or renovation	**1,842**	2,321
	6,494	10,953
Commitments for license fee for brandnames contracted for but not provided in the consolidated financial statements	**12,370**	16,319
	18,864	27,272

13. Related Party Transactions

Compensation of key management personnel

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

	Six months ended	
	30.9.2011 **HK$'000**	30.9.2010 HK$'000
Short-term benefits	**2,640**	2,396

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

14. Share Options

On 6 September 2004, a share option scheme was adopted primarily for providing incentives to eligible employees. No share options were outstanding at both period ends.

OTHER INFORMATION

Interim and Special Dividends

The Directors have resolved to declare an interim dividend of HK4.5 cents per share and an interim special dividend of HK2.8 cents per share for the six months ended 30 September 2011 (2010: HK4.5 cents and HK2.8 cents). The interim dividend and interim special dividend will be payable on or about 17 January 2012 to the shareholders whose names appear on the register of members of the Company at the close of trading on 22 December 2011.

Closure of Register of Members

The register of members of the Company will be closed from 20 December 2011 to 22 December 2011, 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 19 December 2011.

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.

During the six months ended 30 September 2011 and as at 30 September 2011, 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.

Directors' and Chief Executives' Interests in Shares, Underlying Shares and Debentures

As at 30 September 2011, the interests and short positions of the directors and chief executives of the Company, and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

1. Shares in the Company (Long Positions)

	Number of ordinary shares held			
Name of Directors	**Personal interest**	**Other interest**	**Total**	**Percentage of 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 of the Company were held by United Vision International Limited, which is ultimately and wholly-owned by The Vision Trust, a discretionary trust settled by Mr. Ku Ngai Yung, Otis and Mr. Ku Ka Yung, the discretionary objects of which include Mr. Ku Ngai Yung, Otis and his spouse, Mr. Ku Ka Yung and his spouse, Ms. Ku Ling Wah, Phyllis and their respective children who are under the age 18.

2. **Underlying Shares in the Company (Share Options)**
   Details of the share options held by the Directors and chief executives of the Company are shown in the section under the heading "Share Options".

Save as disclosed above, as at 30 September 2011, 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 2011, the following parties (other than those disclosed under the headings "Directors' and Chief Executives' Interests in Shares, Underlying Shares and Debentures" and "Share Options" above) were recorded in the register required to be kept by the Company under section 336 of the SFO as being directly or indirectly 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%
FMR LLC (Note 3)	24,192,000	9.21%
Webb David Michael (Notes 4 & 5)	23,656,000	9.00%
Preferable Situation Assets Limited (Note 5)	18,443,000	7.02%

OTHER INFORMATION

Notes:

1. As at 30 September 2011, 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. Mr. Ku Ngai Yung, Otis and Mr. Ku Ka Yung are directors of UVI.

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. FMR LLC is an investment manager. As at the date of filing the corporate substantial shareholder notice on 22 January 2010, 22,192,000 shares of the Company were indirectly held by Fidelity Management & Research Company, which is wholly owned by FMR LLC. Whereas 2,000,000 shares of the Company were indirectly held by Fidelity Management Trust Company and Pyramis Global Advisors LLC, which are wholly owned by FMR LLC.

4. As at 11 April 2011 (i.e. the date of the relevant events as set out in the individual substantial shareholder notice filed on 14 April 2011), of the 23,656,000 shares of the Company held by David Michael Webb, 18,908,000 shares of the Company were held through his wholly owned company, Preferable Situation Assets Limited, while 4,748,000 shares of the Company 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 the same 18,908,000 shares of the Company held by Preferable Situation Assets Limited under the SFO. (Please also see note 5 below).

5. As at 14 January 2011 (i.e. the date of the relevant event as set out in the corporate substantial shareholder notice filed on 18 January 2011), Preferable Situation Assets Limited, which is wholly owned by David Michael Webb, held 18,443,000 shares of the Company. By virtue of Preferable Situation Assets Limited's interests in the Company, David Michael Webb is deemed to be interested in the same 18,443,000 shares of the Company held by Preferable Situation Assets Limited under the SFO.

All the interests stated above represent long position. Save as disclosed above, as at 30 September 2011, 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.

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