2012/13

INTERIM REPORT 中期報告

SUN HING VISION GROUP HOLDINGS LIMITED

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
(resigned on 26 October 2012)
Lee Kar Lun Clarence
(appointed on 26 October 2012)

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISER IN HONG KONG

King & Wood Mallesons

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 (Bermuda) 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

During the period under review, the business environment was difficult and the challenges encountered by the Group were on both the demand and cost sides. On one hand, the Group faced highly unstable market demand as a result of weak consumer confidence in Europe, United States and most of the Asian countries. On the other hand, the operating costs in China continued to increase. As a result, turnover of the Group for the six months ended 30 September 2012 decreased by 5.86% to HK$558 million (2011: HK593 million) while net profit of the Group dropped by 39.39% to HK$27 million (2011: HK$44 million). Accordingly, basic earnings per share decreased by 41.18% to HK10 cents (2011: HK17 cents).

Profitability of the Group was highly affected by the rising costs in operation. The labor costs in Guangdong, China, where the Group's production facilities are located, continued to increase as a result of the unstable labor supply as well as Chinese government's policy to improve disposable income of the general workers. At the same time, the quantitative easing policy adopted by the United States and the deteriorating fiscal condition in the Euro zone created a strong Renminbi environment. Renminbi continued to appreciate as compared to that of the same period in 2011, which intensified the cost pressure. The Group introduced measures to streamline its operation, but still the above cost impact could not be completely offset. As a result, the Group's gross profit margin decreased from 20.14% to 17.31% and net profit margin decreased from 7.51% to 4.83%.

THE ODM BUSINESS

For the six months ended 30 September 2012, the Group's original design manufacturing ("ODM") turnover decreased by 2.56% to HK$494 million (2011: HK$507 million), which represented 89% of the Group's total consolidated turnover. Europe and Unites States continued to be the two largest markets of the Group's ODM business and accounted for 57% and 39% of the Group's ODM turnover respectively. The Group's ODM turnover to Europe and the United States increased by 5.20% to HK$283 million (2011: HK$269 million) and decreased by 9.35% to HK$194 million (2011: HK$214 million) respectively. This generally sluggish performance was caused by the weak market demand as a result of economic recession. In terms of product mix, sales of metal frame, plastic frames and others accounted 47%, 52% and 1% (2011: 53%, 46% and 1%) of the Group's ODM turnover. During the review period, the Group observed a rising trend in plastic frames and had flexibly adjusted its production facilities in response to the market demand.

THE BRANDED EYEWEAR DISTRIBUTION BUSINESS

For the six months ended 30 September 2012, the Group's branded eyewear distribution turnover decreased by 25.58% to HK$64 million (2011: HK$86 million), which represented 11% of the Group's total consolidated turnover. The decline was mainly due to the fact that many of the Group's customers deferred their sales orders in order to lower their own inventory level as a result of the uncertain business environment. During the period under review, China experienced slowdown in growth and retail market began to show symptoms of weakening. At the same time, the market demand from other Asian countries including Japan continued to be sluggish and volatile. The restructuring of the Group's distribution channels in certain countries during the period under review also adversely affected the turnover performance. Against such a backdrop, the Group's branded eyewear distribution turnover contributed from Asia decreased by 26.39% to HK$53 million (2011: HK$72 million). Asia continued to be the largest market of the Group's distribution business. It accounted for 83% of the Group's total branded eyewear distribution turnover.

LIQUIDITY AND CAPITAL RESOURCES

The Group continued to maintain a strong liquidity and financial position. It held a cash and bank balance of HK$356 million as at 30 September 2012 and did not have any bank borrowings during the year. The Group will continue to manage its cash flows in a prudent manner, without compromising on the needs of investing in carefully selected fixed assets and exploring business opportunities with good potential. During the period under review, net cash inflow from operations amounted to HK$57 million.

Given the Group's strong cash position, the Directors have again resolved to declare an interim special dividend of HK1.0 cent per share on the top of the interim dividend of HK4.5 cents per share for the six months ended 30 September 2012. The Directors will continue to monitor the dividend policy closely to ensure that an optimal balance can be achieved between the retention of sufficient liquidity in the Group to prepare for the uncertainty ahead and the distribution of earnings to the shareholders respectively.

As at 30 September 2012, the net current assets and current ratio of the Group were approximately HK$622 million and 3.7:1 respectively. The total shareholders' equity of the Group decreased to HK$921 million as at 30 September 2012 from HK$928 million as at 31 March 2012. Due to the slowdown of economy, debtor turnover period increased to 99 days. The Group considered that the credit quality of its account receivables was still good and will enhance its effort to strengthen debt collection. The Group adopted cautious approach to manage its inventory with an aim to reduce inventory risk and optimize working capital. Inventory turnover period was managed at a level of 74 days. 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 8,500 people as at 30 September 2012. 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 2012, 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 business environment is expected to be challenging in the coming half year. Although there have been signs that customers begin to adopt a relatively less prudent approach in sales order placement, the market trend is still highly uncertain. The Euro zone is clouded by the sovereign debt crisis. Analysts are worrying that further spread of the sovereign debt crisis may trigger another wave of financial turmoil. The pace of economic recovery of United States has been slow. The government of United States needs to overcome issues including high unemployment and weak consumer confidence, which are not expected to be resolved in a short period of time. The economic growth of China has slowed down. Meanwhile, Chinese government is expected to continuously improve the living standard of the general workers. Minimum wages in Guangdong region may be further increased, which will adversely affect the Group's profitability.

In order to manage the rising costs, the Group will maintain a flexible workforce and production capacity so that it can respond swiftly to the changing market demand. The Group will also continue to invest in fixed assets used for standardization and automation of production, even though a prudent approach will continue to be adopted to manage capital expenditure and cash flow. The Group will streamline its operation to improve production efficiency. The Directors believe that it is the best way to manage the increasing labor costs and to achieve a win-win objective together with our valuable workforce. Financially, the Group will continue to maintain a strong balance sheet and optimize its cash flows by applying a cautious control on receivables and inventories. We expect that the Group will maintain a low gearing status in foreseeable future so that the Group will not be subject to the risks arising from the fluctuating interest rates and tightening capital supply.

Despite recent slowdown in the economic growth of China, the Directors believe that the fundamentals of China are still good and the improvement of general workers' disposable income will finally contribute to the growth of domestic consumption demand. The Group will continue to increase presence of its branded eyewear distribution business in China. It will explore new business opportunities and expand its brand horizon as well as distribution channels in Chinese market. Meanwhile, the Group will continue to seek for new brands with potential in order to enrich the brand portfolio of the Group's branded eyewear distribution business as a whole. In the coming months, the eyewear of Mark Fairwhale, a reputable fashion brand in China, will be introduced to market. We have also received positive market feedback for the eyewear of our debut brand, Special Eyes, a Japanese creative label emphasizing innovative design and functionality. The inclusion of the new brands in our brand portfolio will help create new business opportunities for our branded eyewear distribution business.

Looking forward, the business environment is expected to be tough and full of uncertainty. Levering on our strength in product design, customer service, market knowledge, experience on operation and financial management, we are confident that we will overcome the challenges and continue to achieve sustainable growth in the long run.

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 Corporate Governance Code and Corporate Governance Report (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. During the period under review, the Company has complied with the CG Code, except for the deviations as mentioned below:

Code provision A.2.1 of the CG Code 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.

Code provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors, as equal board members, should attend general meetings. The non-executive director of the Company did not attend the annual general meeting of the Company held on 24 August 2012 due to other commitment.

AUDIT COMMITTEE

An audit committee has been established by the Company with written terms of reference 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 2012 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 with written terms of reference 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.

NOMINATION COMMITTEE

A nomination committee was established by the Company with written terms of reference, which was effective from March 2012. The nomination committee currently comprises Mr. Wong Che Man, Eddy (Chairman), Mr. Lo Wa Kei, Roy and Mr.Lee Kwong Yiu, 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 nomination committee include the review of the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy.

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 2012.

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, 28 November 2012

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 condensed consolidated financial statements of Sun Hing Vision Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 10 to 20, which comprise the condensed consolidated statement of financial position as of 30 September 2012 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 these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements 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 these condensed consolidated financial statements 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 November 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 September 2012

		Six months ended	
	NOTES	**30.9.2012 HK$'000 (unaudited)**	30.9.2011 HK$'000 (unaudited)
Revenue		**557,798**	592,535
Cost of sales		**(461,270)**	(473,226)
Gross profit		**96,528**	119,309
Bank interest income		**2,025**	2,149
Other income, gains and losses		**(61)**	(2,920)
Selling and distribution costs		**(5,013)**	(6,488)
Administrative expenses		**(62,606)**	(62,440)
Profit before taxation		**30,873**	49,610
Income tax expense	4	**(3,910)**	(5,127)
Profit and total comprehensive income for the period attributable to the owners of the Company	5	**26,963**	44,483
Earnings per share			
Basic	7	**HK10 cents**	HK17 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September 2012

	NOTES	**30.9.2012 HK$'000 (unaudited)**	31.3.2012 HK$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	**295,555**	288,259
Prepaid lease payments		**3,542**	3,588
Deposit paid for acquisition of property, plant and equipment		**2,770**	2,658
		301,867	294,505
CURRENT ASSETS			
Inventories		**188,198**	161,914
Trade and other receivables	9	**311,205**	294,536
Prepaid lease payments		**91**	91
Bank balances and cash		**356,191**	366,405
		855,685	822,946
CURRENT LIABILITIES			
Trade and other payables	10	**233,762**	184,120
Taxation payable		**405**	2,748
		234,167	186,868
NET CURRENT ASSETS		**621,518**	636,078
		923,385	930,583
CAPITAL AND RESERVES			
Share capital	11	**26,278**	26,278
Share premium and reserves		**894,610**	901,808
		920,888	928,086
NON-CURRENT LIABILITY			
Deferred tax liabilities		**2,497**	2,497
		923,385	930,583

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2012

	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 2011 (audited)	26,278	78,945	18,644	6,029	765,844	895,740
Profit and 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
Profit for the period	–	–	–	–	38,876	38,876
Surplus on revaluation of leasehold land and buildings	–	–	–	2,790	–	2,790
Deferred tax charge arising on revaluation of leasehold land and buildings	–	–	–	(459)	–	(459)
Total comprehensive income for the period	–	–	–	2,331	38,876	41,207
Dividends recognised as distribution (note 6)	–	–	–	–	(19,183)	(19,183)
At 31 March 2012 (audited)	**26,278**	**78,945**	**18,644**	**8,360**	**795,859**	**928,086**
Profit and total comprehensive income for the period	**–**	**–**	**–**	**–**	**26,963**	**26,963**
Dividends recognised as distribution (note 6)	**–**	**–**	**–**	**–**	**(34,161)**	**(34,161)**
At 30 September 2012 (unaudited)	**26,278**	**78,945**	**18,644**	**8,360**	**788,661**	**920,888**

Note: Special reserve of the Group represents the difference between the aggregate amount of the nominal value of shares, the share premium and the reserves of subsidiaries acquired and the nominal amount of the shares issued by the Company pursuant to a group reorganisation in 1999.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 September 2012

	Six months ended	
	30.9.2012 **HK$'000** **(unaudited)**	30.9.2011 HK$'000 (unaudited)
Net cash from operating activities	**56,679**	80,195
Purchase of property, plant and equipment	**(34,669)**	(27,235)
Others	**1,937**	(835)
Net cash used in investing activities	**(32,732)**	(28,070)
Cash used in a financing activity – dividends paid	**(34,161)**	(34,161)
Net (decrease) increase in cash and cash equivalents	**(10,214)**	17,964
Cash and cash equivalents at beginning of the period	**366,405**	352,617
Cash and cash equivalents at end of the period, representing bank balances and cash	**356,191**	370,581

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2012

1. BASIS OF PREPARATION

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

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 and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2012 are the same with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2012.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

- amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets;* and
- amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets*

The application of the above amendments to 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.

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 can be made reference to the condensed consolidated statement of comprehensive income.

The Group's revenue are arising from manufacturing and sales of eyewear products.

4. INCOME TAX EXPENSE

	Six months ended	
	30.9.2012 **HK$'000**	30.9.2011 HK$'000
The charge comprises:		
Hong Kong Profits Tax	**2,736**	4,707
People's Republic of China ("PRC") Enterprise Income Tax	**1,174**	420
	3,910	5,127

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 Company are exempted from PRC income tax for two years, followed by a 50% reduction for the next three years. The first profit making year of one of the PRC subsidiaries was the calendar year ended 31 December 2008. Accordingly, it is exempted from EIT for two calendar years ended 31 December 2009, and is subjected to a concession rate of 12.5% for the three calendar years ending 31 December 2012. After the end of tax reduction, a unified EIT rate of 25% will be applied.

The other PRC subsidiary has not been charged for EIT since its assessable profit is absorbed by tax losses brought forward.

No provision for PRC income tax has been made for the other PRC subsidiaries as they did not have any assessable profit for both periods.

5. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2012	30.9.2011
	HK$'000	HK$'000
Profit for the period has been arrived at after charging (crediting):		
Bad debts recovered	**(411)**	–
Depreciation of property, plant and equipment	**27,473**	28,377
Employee benefits expenses	**191,522**	188,777
Gain on disposal of property, plant and equipment	**(124)**	(20)
Net foreign exchange losses	**596**	3,258
Release of prepaid lease payments	**46**	45
Write-down of inventories	**16,022**	9,583

6. DIVIDENDS

During the period, a final dividend in respect of the year ended 31 March 2012 of HK10.0 cents per share and a special dividend of HK3.0 cents per share amounting to approximately HK$34,161,000 in total (six months ended 30 September 2011: final dividend in respect of the year ended 31 March 2011 of HK10.0 cents per share and a special dividend of HK3.0 cents per share amounting to approximately HK$34,161,000 in total) were paid to shareholders.

Subsequent to 30 September 2012, the directors determined that an interim dividend of HK4.5 cents per share and a special dividend of HK1.0 cent per share in respect of the year ending 31 March 2013 (2011: 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 2012 amounting to approximately HK$19,183,000 in total) will be paid to the shareholders of the Company whose names appear in the Register of Members on 27 December 2012.

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	
	30.9.2012 HK$'000	30.9.2011 HK$'000
Earnings		
Earnings for the purpose of basic earnings per share	**26,963**	44,483
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 as there was no potential ordinary share outstanding in both periods.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK$34,669,000 (six months ended 30 September 2011: HK$27,235,000) 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 2011: Nil).

9. TRADE AND OTHER RECEIVABLES

The Group allows a credit period at between 30 to 120 days to its customers. The following is an aged analysis of trade receivables based on payment due date net of allowance for doubtful debt at the end of the reporting period:

	30.9.2012 HK$'000	31.3.2012 HK$'000
Trade receivables		
Current	**263,212**	257,841
Overdue up to 90 days	**32,841**	26,385
Overdue more than 90 days	**7,603**	2,645
	303,656	286,871
Prepayments	**3,347**	3,272
Deposits	**3,654**	3,435
Other receivables	**548**	958
Trade and other receivables	**311,205**	294,536

10. TRADE AND OTHER PAYABLES

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

	30.9.2012 HK$'000	31.3.2012 HK$'000
Trade payables		
Current and overdue up to 90 days	**163,393**	118,386
Overdue more than 90 days	**7,457**	2,359
	170,850	120,745
Accruals	**56,962**	55,793
Other payables	**5,950**	7,582
Trade and other payables	**233,762**	184,120

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, 30 September 2011, 31 March 2012 and 30 September 2012	262,778,286	26,278

12. CAPITAL AND OTHER COMMITMENTS

	30.9.2012 HK$'000	31.3.2012 HK$'000
Capital expenditure contracted for but not provided for in the condensed consolidated financial statements		
– Acquisition of plant and machinery	**5,549**	3,377
– Factory under construction or renovation	**1,448**	3,599
	6,997	6,976
Commitments for license fee for brandnames contracted for but not provided for in the condensed consolidated financial statements	**25,619**	23,622
	32,616	30,598

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	
	30.9.2012 HK$'000	30.9.2011 HK$'000
Short-term benefits	**2,545**	2,640

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 granted or outstanding at both period ends.

15. COMPARATIVE FIGURES

Certain comparative figures set out in the condensed consolidated statement of comprehensive income has been reclassified to conform with current period's presentation.

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 HK1.0 cent per share for the six months ended 30 September 2012 (2011: HK4.5 cents and HK2.8 cents). The interim dividend and interim special dividend will be payable on or about 16 January 2013 to the shareholders whose names appear on the register of members of the Company at the close of trading on 27 December 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 21 December 2012 to 27 December 2012, 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 20 December 2012.

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 2012 and as at 30 September 2012, 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 2012, 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 2012, 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 2012, 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%

Notes:

1. As at 30 September 2012, 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 2012, 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

STOCK CODE 股份代號：125

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