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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Ku Ngai Yung, Otis – *Chairman*

Ku Ka Yung – *Deputy Chairman*

Chan Chi Sun

Ma Sau Ching

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lo Wa Kei, Roy

Lee Kwong Yiu

Wong Che Man, Eddy

COMPANY SECRETARY

Lee Kar Lun, Clarence

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

Codan Services Limited

Clarendon House, 2 Church Street

Hamilton HM11

Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Union Registrars Limited

Suites 3301–04, 33/F.

Two Chinachem Exchange Square

338 King's Road

North Point

Hong Kong

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited

The Bank of Tokyo-Mitsubishi UFJ, Limited

Citibank, N.A.

WEBSITE

www.sunhingoptical.com

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The business environment continued to be challenging and the market demand for the Group's eyewear products slowed down during the period under review. For the six months ended 30 September 2017, the Group's consolidated turnover decreased by 2.39% to HK\$515 million (2016: HK\$528 million). In spite of the challenging environment, the profitability of the Group improved due to the following factors. First of all, the Group continued to optimize its product mix by placing more focus on items that contributed to the Group with higher margins. Besides, the Group achieved efficiency gains from various operation enhancement projects that had been carried out since the previous fiscal years. Moreover, the Group imposed prudent control on costs and expenditures. Resources were employed in a cautious manner to ensure that they were justified for providing the Group with reasonable returns and benefits. In addition, the Renminbi was generally weaker against the US dollars in the first half of the current fiscal year than the corresponding period in the preceding fiscal year. As a result, the Group was able to manage its gross profit margin and net profit margin at 25.34% (2016: 23.41%) and 7.13% (2016: 6.00%) respectively. For the six months ended 30 September 2017, the Group's profit attributable to the owners of the Company increased by 15.08% to HK\$37 million (2016: HK\$32 million). Accordingly, basic earnings per share increased to HK14 cents (2016: HK12 cents).

THE ODM BUSINESS

Original design manufacturing ("ODM") business accounted for 82% of the Group's total consolidated turnover. During the period under review, the Group's ODM turnover decreased by 6.65% to HK\$421 million (2016: HK\$451 million). It was because some of the Group's customers from Europe and United States turned to hold a relatively cautious view for the 2017 market demand outlook for eyewear products. They adopted prudent sales forecasts and were concerned about the risks of overstocking. In terms of geographical allocation, the Group's ODM turnover to Europe decreased by 1.14% to HK\$261 million (2016: HK\$264 million), while that to the United States decreased by 17.24% to HK\$144 million (2016: HK\$174 million). The Group recorded a stable product mix during the review period. Sales of plastic frames, metal frames and others accounted 53%, 46% and 1% (2016: 54%, 45% and 1%) of the Group's ODM turnover respectively.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

THE BRANDED EYEWEAR DISTRIBUTION BUSINESS

Branded eyewear distribution business accounted for 18% of the Group's total consolidated turnover. For the six months ended 30 September 2017, the Group's turnover from branded eyewear distribution business increased by 22.08% to HK\$94 million (2016: HK\$77 million). Such remarkable growth was a result of the expansion of the Group's distribution network in China. Besides, since the fourth quarter of 2016/17 fiscal year, the Group has started to deliver eyewear products for its newly obtained licensing brand, agnès b. The agnès b. eyewear collection received very positive market response and contributed to the Group with a new source of income during the review period. Asia continued to be the largest market of the Group's branded eyewear distribution business. The Group recorded a 30.00% growth in its distribution turnover to Asia, which reached an amount of HK\$91 million (2016: HK\$70 million) for the six months ended 30 September 2017. Within Asia, China and Japan continued to be the top performing countries that contributed 52% and 21% of the Group's total distribution turnover respectively.

LIQUIDITY AND CAPITAL RESOURCES

The Group continued to maintain a strong liquidity and financial position. As at 30 September 2017, it held a cash and bank balance of HK\$428 million and did not have any bank borrowings. Net cash inflow from operation amounted to HK\$73 million during the six months ended 30 September 2017. The Group will continue to manage its cash flow with prudence, without compromising the needs to invest in carefully selected assets and business opportunities that are strategically important for the Group's long term growth.

Given the Group's strong cash position, the Directors have again resolved to declare an interim special dividend of HK1.5 cents per share on the top of the interim dividend of HK4.5 cents per share for the six months ended 30 September 2017. 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

As at 30 September 2017, the net current assets and current ratio of the Group were approximately HK\$641 million and 4.3:1 respectively. The total equity attributable to owners of the Company decreased to HK\$923 million as at 30 September 2017 from HK\$932 million as at 31 March 2017 after the payment of the final and final special dividend for the preceding fiscal year. The Group closely monitored its receivable collection status and imposed an effective control on inventory. Accordingly, debtor turnover period and inventory turnover period were managed at a level of 103 days and 52 days respectively. The Group adopted prudent but yet proactive approach in managing working capital. 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 needs.

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 change of Renminbi, the Group's exposure to currency fluctuation was relatively limited. The Group closely monitors the foreign exchange exposure and uses foreign exchange forward contracts and/or other appropriate tools to control the exposure in connection with Renminbi.

HUMAN RESOURCES

The Group had a workforce of over 5,500 people as at 30 September 2017. 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 2017, other than those disclosed in the condensed consolidated financial statements, there were no charges on the Group's assets or any significant contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

EVENTS AFTER THE END OF THE REPORTING PERIOD

ACQUISITION OF PROPERTIES

Subsequent to the end of the current interim period, the Group entered into a preliminary sale and purchase agreement to acquire properties with a cash consideration of HK\$120,290,000. Details of the acquisition were disclosed in a separate announcement of the Company dated 13 November 2017.

CAPITAL COMMITMENTS

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

PROSPECTS

The business environment for the second half of the current fiscal year is expected to be tough. The market demand will continue to be volatile due to customers' general prudence for order placement and inventory management as a result of their relatively pessimistic views about the upcoming market demand. Besides, the Renminbi has steadily appreciated against the US dollars since the first quarter of 2017 and that, together with other increases in operating costs in China, will certainly result in higher cost pressure on the Group in the second half of the current fiscal year.

To respond to the challenges ahead, the Group will continue to enhance its efficiency by increasing the depth and scope of the operation enhancement projects now in progress. Those projects have the aims to shorten the Group's operation lead time, strengthen product development process and improve product quality. Meanwhile, the Group's various cross-functional teams will continue to periodically review the Group's operation in order to explore rooms for further efficiency gain and to ensure that the Group is operated in a way that aligns with the fast-changing business environment.

The Group recognizes each customer as its long-term partner to achieve business success. For this reason, the Group will continue to integrate into its customers' supply chains with an aim to acquire synergy and create mutual values. The Group will further upgrade its design and service capacities in order to effectively deliver comprehensive client-oriented product solutions to customers and provide them with the best experience.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

For the branded eyewear distribution business, the Group intends to expand its distribution network in Asia, especially China, which is a market being strategically important to drive the Group's future growth. The Group will not stop seeking for long term partners in distribution which can strengthen its sales base and widen its business scope. Besides, the Group's brand portfolio will be continuously optimized, consolidated and refreshed. The Group will maximize the values of its brand assets by utilizing them to enlarge the Group's existing product ranges and explore new business opportunities.

The Group will continue to maintain a strong balance sheet, and at the same time will take care of the needs to invest in the future. Investments will be made to automate and upgrade the production facilities in order to increase efficiency and reduce the reliance on manual labour. The Group will continue to invest in its distribution business for branded eyewear products, which is becoming a more important driver for its growth. Business plan and corporate strategy will be periodically reviewed and refined on an ongoing basis to ensure sufficient resources can be reserved for the Group's future development. The Group will keep on exploring opportunities in assets and businesses that can help the Group to achieve sustainable long-term growth.

Looking forward, the business environment will be challenging in the period ahead. Levering on our vision and strategy and supported by the measures that we are going to carry out, we are confident that we can overcome such challenges, continue to create long-term value for our shareholders and deliver the objective 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 enhance the management of the Company as well as to preserve the interests of the shareholders as a whole. The Board has adopted and complied with the code provisions set out in the Corporate Governance Code (the "CG Code") and the Corporate Governance Report contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") which were effective during the reporting period, except for the deviation from code provision A.2.1 of the CG Code.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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.

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, internal control and risk management 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 2017 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 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, inter alia, making recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

NOMINATION COMMITTEE

A nomination committee was established by the Company with written terms of reference. 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, inter alia, 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. Moreover, in performing the duties, the nomination committee shall ensure that the Board has the appropriate balance of skills, experience and diversity of perspective appropriate to the requirements of the Company's business. Selection of the candidates to the Board shall be based on the Company's business model and specific needs with reference to a range of diversity perspectives, including but not limited to gender, age, language, cultural and education backgrounds, industry and professional experience.

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 2017.

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, 24 November 2017

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

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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 set out on pages 11 to 23, which comprise the condensed consolidated statement of financial position as of 30 September 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The 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 inquiries, 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

24 November 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 September 2017

	NOTES	Six months ended	
		30.9.2017 HK\$'000 (unaudited)	30.9.2016 HK\$'000 (unaudited)
Revenue		514,972	527,607
Cost of sales		(384,457)	(404,081)
Gross profit		130,515	123,526
Bank interest income		1,556	921
Other income, gains and losses		(1,840)	(2,212)
Selling and distribution costs		(13,968)	(14,655)
Administrative expenses		(71,251)	(71,038)
Profit before tax		45,012	36,542
Income tax expense	4	(8,284)	(4,878)
Profit for the period	5	36,728	31,664
Other comprehensive income (expense)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		3,729	(2,502)
Total comprehensive income for the period		40,457	29,162
Profit (loss) for the period attributable to:			
Owners of the Company		36,664	31,860
Non-controlling interests		64	(196)
		36,728	31,664
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		40,359	29,395
Non-controlling interests		98	(233)
		40,457	29,162
Earnings per share			
Basic	7	HK14 cents	HK12 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September 2017

	NOTES	30.9.2017 HK\$'000 (unaudited)	31.3.2017 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	268,164	269,182
Prepaid lease payments		3,086	3,132
Investment properties		7,113	6,898
Deposit paid for acquisition of property, plant and equipment		2,936	1,935
Deferred tax assets		1,245	1,245
		282,544	282,392
CURRENT ASSETS			
Inventories		108,872	111,465
Trade and other receivables	9	300,073	289,322
Prepaid lease payments		91	91
Derivative financial instruments	15	43	4
Tax recoverable		19	11
Bank balances and cash		427,707	426,916
		836,805	827,809
CURRENT LIABILITIES			
Trade and other payables	10	178,972	168,305
Derivative financial instruments	15	437	–
Tax payable		16,587	9,072
		195,996	177,377
NET CURRENT ASSETS			
		640,809	650,432
		923,353	932,824
CAPITAL AND RESERVES			
Share capital	11	26,278	26,278
Share premium and reserves		896,527	906,096
Equity attributable to owners of the Company		922,805	932,374
Non-controlling interests		(128)	(226)
		922,677	932,148
NON-CURRENT LIABILITY			
Deferred tax liabilities		676	676
		923,353	932,824

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2017

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Share premium	Special reserve	Translation reserve	Retained profits	Total	Total		
	HK\$ '000	HK\$ '000	HK\$ '000 (Note)	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	
At 1 April 2016 (audited)	26,278	78,945	18,644	(1,932)	802,827	924,762	203	924,965	
Profit (loss) for the period	-	-	-	-	31,860	31,860	(196)	31,664	
Other comprehensive expense for the period	-	-	-	(2,465)	-	(2,465)	(37)	(2,502)	
Total comprehensive income (expense) for the period	-	-	-	(2,465)	31,860	29,395	(233)	29,162	
Dividends recognised as distribution (note 6)	-	-	-	-	(44,672)	(44,672)	-	(44,672)	
At 30 September 2016 (unaudited)	26,278	78,945	18,644	(4,397)	790,015	909,485	(30)	909,455	
At 1 April 2017 (audited)	26,278	78,945	18,644	(4,784)	813,291	932,374	(226)	932,148	
Profit for the period	-	-	-	-	36,664	36,664	64	36,728	
Other comprehensive income for the period	-	-	-	3,695	-	3,695	34	3,729	
Total comprehensive income for the period	-	-	-	3,695	36,664	40,359	98	40,457	
Dividends recognised as distribution (note 6)	-	-	-	-	(49,928)	(49,928)	-	(49,928)	
At 30 September 2017 (unaudited)	26,278	78,945	18,644	(1,089)	800,027	922,805	(128)	922,677	

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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 September 2017

	Six months ended	
	30.9.2017	30.9.2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash from operating activities	72,983	90,716
Purchase of property, plant and equipment	(22,487)	(20,599)
Deposit paid for acquisition of property, plant and equipment	(2,407)	(1,321)
Others	2,378	1,009
Net cash used in investing activities	(22,516)	(20,911)
Cash used in a financing activity – dividends paid	(49,928)	(44,672)
Net increase in cash and cash equivalents	539	25,133
Cash and cash equivalents at beginning of the period	426,916	360,585
Effect of foreign exchange rate changes	252	(344)
Cash and cash equivalents at end of the period, representing bank balances and cash	427,707	385,374

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2017

1. BASIS OF PREPARATION

The condensed consolidated financial statements of Sun Hing Vision Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") 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 financial instruments, which are measured at fair values, as appropriate.

Excepted as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2017.

In the current period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRSs 12	As part of Annual Improvements to HKFRSs 2014–2016 Cycle

AMENDMENTS TO HKAS 7 "DISCLOSURE INITIATIVE"

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specially, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the six months ended 30 September 2017

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

AMENDMENTS TO HKAS 7 "DISCLOSURE INITIATIVE" (CONTINUED)

The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

The adoption has no impact on these condensed consolidated financial statements but will result in relevant disclosures in the Group's annual consolidated financial statements for the year ending 31 March 2018.

The application of the other amendments to HKFRSs in the current interim period has had no material effect on the amounts reported 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 separately provided to the executive directors for their review. Financial information reported to the executive directors for the purposes of resource allocation and performance assessment is aggregated and focuses on the consolidated gross profit 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 by reference to the condensed consolidated statement of profit or loss and other comprehensive income.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the six months ended 30 September 2017

4. INCOME TAX EXPENSE

	Six months ended	
	30.9.2017	30.9.2016
	HK\$'000	HK\$'000
<hr/>		
The charge comprises:		
Current year		
Hong Kong Profits Tax	7,404	4,896
People's Republic of China ("PRC") Enterprise Income Tax	880	815
	8,284	5,711
Overprovision in prior years		
PRC Enterprise Income Tax	-	(833)
	8,284	4,878
	<hr/>	

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both 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. The tax rate of the Group's subsidiaries in the PRC is 25% for both periods.

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 of the Company, 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the six months ended 30 September 2017

5. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2017	30.9.2016
	HK\$'000	HK\$'000
<hr/>		
Profit for the period has been arrived at after charging (crediting):		
Impairment losses (reversed) recognised on trade receivables, net	(330)	241
Depreciation of property, plant and equipment	24,951	25,724
Depreciation of investment properties	75	–
(Gain) loss on disposals of property, plant and equipment	(203)	239
Employee benefits expenses	211,179	210,756
Net foreign exchange losses	2,192	2,031
Fair value changes on derivative financial instruments	(398)	135
Release of prepaid lease payments	46	46
Write-down of inventories	1,832	1,047
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6. DIVIDENDS

During the period, a final dividend in respect of the year ended 31 March 2017 of HK10.0 cents per share and a special dividend of HK9.0 cents per share amounting to approximately HK\$49,928,000 in total (six months ended 30 September 2016: final dividend in respect of the year ended 31 March 2016 of HK10.0 cents per share and a special dividend of HK7.0 cents per share amounting to approximately HK\$44,672,000 in total) were paid to shareholders.

Subsequent to 30 September 2017, the directors determined that an interim dividend of HK4.5 cents per share and a special dividend of HK1.5 cents per share in respect of the year ending 31 March 2018 (2016: an interim dividend of HK4.5 cents per share and a special dividend of HK1.5 cents per share in respect of the year ended 31 March 2017 amounting to approximately HK\$15,767,000 in total) will be paid to the shareholders of the Company whose names appear in the Register of Members on 22 December 2017.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the six months ended 30 September 2017

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	
	30.9.2017	30.9.2016
	HK\$'000	HK\$'000
Earnings		
Earnings attributable to the owners of the Company for the purpose of basic earnings per share	36,664	31,860
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 earnings per share is presented as there was no potential ordinary share outstanding during both periods.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$23,893,000 (six months ended 30 September 2016: HK\$21,143,000) on acquisition of property, plant and equipment.

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:

	30.9.2017	31.3.2017
	HK\$'000	HK\$'000
Trade receivables		
Current	271,163	266,362
Overdue up to 90 days	18,417	11,712
Overdue more than 90 days	1,369	1,555
	290,949	279,629
Prepayments	2,813	3,568
Deposits	4,053	3,438
Other receivables	1,366	2,176
Amounts due from entities controlled by a non-controlling shareholder of a subsidiary (Note)	826	367
Amount due from a non-controlling shareholder of a subsidiary (Note)	66	144
Trade and other receivables	300,073	289,322

Note: The amounts are unsecured, interest-free and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the six months ended 30 September 2017

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:

	30.9.2017	31.3.2017
	HK\$'000	HK\$'000
Trade payables		
Current and overdue up to 90 days	84,685	79,229
Overdue more than 90 days	15,974	14,434
	100,659	93,663
Accruals	68,957	65,590
Amounts due to entities controlled by a non-controlling shareholder of a subsidiary (Note)	248	239
Other payables	9,108	8,813
	178,972	168,305

Note: The amounts are unsecured, interest-free and repayable on demand.

11. SHARE CAPITAL

	Number of shares	Nominal amount
		HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 April 2016, 30 September 2016, 1 April 2017 and 30 September 2017	500,000,000	50,000
Issued and fully paid:		
At 1 April 2016, 30 September 2016, 1 April 2017 and 30 September 2017	262,778,286	26,278

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the six months ended 30 September 2017

12. CAPITAL AND OTHER COMMITMENTS

	30.9.2017	31.3.2017
	HK\$'000	HK\$'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– Acquisition of plant and machinery	4,232	4,743
– Factory under construction or renovation	1,721	3,593
	5,953	8,336
Commitments contracted for but not provided in the condensed consolidated financial statements in respect of license fee for brandnames:		
– Within one year	9,324	9,408
– In the second to fifth year inclusive	5,109	8,511
	14,433	17,919
	20,386	26,255

13. RELATED PARTY TRANSACTIONS

In addition to the transactions disclosed elsewhere in the condensed consolidated financial statements, a management fee of approximately HK\$88,000 (six months ended 30 September 2016: HK\$18,000) was paid by the Group to an entity controlled by a non-controlling shareholder of a subsidiary during the current period ended 30 September 2017.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the six months ended 30 September 2017

13. RELATED PARTY TRANSACTIONS (CONTINUED)

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	
	30.9.2017	30.9.2016
	HK\$'000	HK\$'000
Short-term benefits	2,941	2,671
Retirement benefit scheme contribution	71	86
	3,012	2,757

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

Pursuant to a resolution passed on 22 August 2014 by the Company, a share option scheme of the Company (the "Share Option Scheme") that complies with the amendments to Chapter 17 of the Listing Rules in relation to share option schemes was adopted, primarily for providing incentives to eligible employees. No share options have been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption.

15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the six months ended 30 September 2017

15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	30.9.2017	31.3.2017		
Foreign currency forward contracts classified as derivative financial instruments in the condensed consolidated statement of financial position	Assets - HK\$43,000 Liabilities - HK\$437,000	Assets - HK\$4,000	Level 2	Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates.

There were no transfers into and out of Level 2 in the current and prior periods.

Except the above financial assets and financial liabilities that are measured at fair value on a recurring basis, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the condensed consolidated financial statements approximate their fair values at the end of the reporting period.

16. EVENTS AFTER THE END OF THE REPORTING PERIOD ACQUISITION OF PROPERTIES

Subsequent to the end of the current interim period, the Group entered into a preliminary sale and purchase agreement to acquire properties with a cash consideration of HK\$120,290,000.

OTHER INFORMATION

INTERIM DIVIDEND AND INTERIM SPECIAL DIVIDEND

The Directors have resolved to declare an interim dividend of HK4.5 cents per share and an interim special dividend of HK1.5 cents per share for the six months ended 30 September 2017 (2016: HK4.5 cents and HK1.5 cent). The interim dividend and interim special dividend will be payable on or about 10 January 2018 to the shareholders whose names appear on the register of members of the Company at the close of trading on 22 December 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 19 December 2017 to 22 December 2017, 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, Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on 18 December 2017.

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 share option scheme (the "2004 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.

Pursuant to another resolution passed on 22 August 2014, the 2004 Share Option Scheme was terminated and another share option scheme (the "2014 Share Option Scheme") was adopted.

During the six months ended 30 September 2017 and as at 30 September 2017, there was no share in respect of which share options had been granted and remained outstanding under the Old Share Option Scheme and the 2004 Share Option Scheme. No further share options can be granted upon termination of the Old Share Option Scheme and the 2004 Share Option Scheme.

Under the 2014 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 2014 Share Option Scheme since its adoption.

OTHER INFORMATION (CONTINUED)

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2017, 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)

Name of Directors	Number of ordinary shares held			Percentage of issued share capital of the Company
	Personal interest	Other interest	Total	
Ku Ngai Yung, Otis	-	144,833,828 (Note)	144,833,828	55.12%
Ku Ka Yung	-	144,833,828 (Note)	144,833,828	55.12%
Chan Chi Sun	1,526,000	-	1,526,000	0.58%
Ma Sau Ching	350,000	-	350,000	0.13%

Note: 144,833,828 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, and their respective children who are under the age 18.

OTHER INFORMATION (CONTINUED)

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 2017, 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.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS UNDER THE SFO

As at 30 September 2017, 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 interested in 5% or more of the issued share capital of the Company which is so far as known to any Director or chief executive of the Company.

Name	Number of ordinary shares held	Percentage of the issued share capital of the Company
<i>Substantial Shareholders</i>		
United Vision International Limited (Note 1)	144,833,828	55.12%
Marshvale Investments Limited (Note 1)	144,833,828	55.12%
HSBC International Trustee Limited (Notes 1 & 2)	144,833,828	55.12%
Ku Ling Wah, Phyllis (Notes 1, 2 & 3)	144,833,828	55.12%

OTHER INFORMATION (CONTINUED)

Name	Number of ordinary shares held	Percentage of the issued share capital of the Company
<i>Other Persons</i>		
FMR LLC (Note 4)	26,277,000	9.99%
Webb David Michael (Notes 5 & 6)	26,328,000	10.02%
Fidelity Puritan Trust (Note 7)	21,297,000	8.10%
Preferable Situation Assets Limited (Note 6)	18,346,000	6.98%

Notes:

- As at 30 September 2017, 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 144,833,828 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 144,833,828 shares of the Company under the SFO. Mr. Ku Ngai Yung, Otis and Mr. Ku Ka Yung are directors of UVI.
- 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. 144,833,828 shares of the Company were held indirectly by HSBC Trustee through UVI as mentioned in note 1 above.
- Ms. Ku Ling Wah, Phyllis (sister of Mr. Ku Ngai Yung, Otis and Mr. Ku Ka Yung) is one of the discretionary objects of The Vision Trust, the discretionary trust settled by Mr. Ku Ngai Yung, Otis and Mr. Ku Ka Yung mentioned above. As at 30 September 2017, The Vision Trust ultimately and wholly owned UVI, which held 144,833,828 shares of the Company.

OTHER INFORMATION (CONTINUED)

4. According to a corporate substantial shareholder notice filed by FMR LLC on 3 March 2017 (with the date of the relevant event as set out in the corporate substantial shareholder notice being 27 February 2017), FMR LLC held 26,277,000 shares of the Company indirectly through FMR Co., Inc.. FMR Co., Inc. is wholly owned by Fidelity Management & Research Company, which is a wholly-owned subsidiary of FMR LLC. Of the above mentioned 26,277,000 shares of the Company held by FMR Co., Inc., 2,642,000 shares of the Company were held for Fidelity Management Trust Company, which is wholly-owned by FMR LLC, while 2,338,000 shares of the Company were held for Fidelity Investments Canada ULC, which is ultimately owned by certain employees and shareholders of FMR LLC. Those employees and shareholders of FMR LLC own 100% equity interest in Fidelity Canada Investors LLC, which owns 64% equity interest in 483A Bay Street Holdings LP. 483A Bay Street Holdings LP owns 100% equity interest in BlueJay Lux 1 S.a.r.l., which owns 100% equity interest in FIC Holdings ULC, which in turn owns 100% equity interest in Fidelity Investments Canada ULC.
5. According to an individual substantial shareholder notice filed by David Michael Webb on 19 July 2017, as at 14 July 2017 (i.e. the date of the relevant event as set out in the individual substantial shareholder notice filed on 19 July 2017), of the 26,328,000 shares of the Company held by David Michael Webb, 8,294,000 shares of the Company were held directly by him, while 18,034,000 shares of the Company were held through his wholly-owned company, Preferable Situation Assets Limited. By virtue of Preferable Situation Assets Limited's interests in the Company, David Michael Webb is deemed to be interested in the same 18,034,000 shares of the Company held by Preferable Situation Assets Limited under the SFO. (Please also see note 6 below).
6. According to a corporate substantial shareholder notice filed by Preferable Situation Assets Limited on 18 October 2016, as at 13 October 2016 (i.e. the date of the relevant event as set out in the corporate substantial shareholder notice filed on 18 October 2016), Preferable Situation Assets Limited, which is wholly owned by David Michael Webb, held 18,346,000 shares of the Company. By virtue of Preferable Situation Assets Limited's interest in the Company, David Michael Webb is deemed to be interested in the same 18,346,000 shares of the Company held by Preferable Situation Assets Limited under the SFO.
7. According to a corporate substantial shareholder notice filed by Fidelity Puritan Trust on 3 March 2017, as at 27 February 2017 (i.e. the date of the relevant event as set out in the corporate substantial shareholder notice filed on 3 March 2017), 21,297,000 shares of the Company were held directly by Fidelity Puritan Trust.

All the interests stated above represent long position. Save as disclosed above, as at 30 September 2017, 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 股票代號: 125

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