



2014 INTERIM REPORT 中期報告 4/15

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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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ku Ngai Yung, Otis – *Chairman*

Ku Ka Yung – *Deputy Chairman*

Tsang Wing Leung, Jimson

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

Address:

- 18/F, Fook Lee Commercial Centre
Town Place, 33 Lockhart Road
Wanchai
Hong Kong
(effective up to 30 November 2014)
- A18/F, Asia Orient Tower
Town Place, 33 Lockhart Road
Wanchai
Hong Kong
(effective from 1 December 2014)

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 market demand of eyewear products continued to be volatile. Despite that, the Group was still able to maintain a relatively stable turnover. For the six months ended 30 September 2014, the Group recorded a very slight decrease in turnover by 0.41% to HK\$601 million (2013: HK\$603 million). Meanwhile, the Group's net profit increased by 10.05% to HK\$33 million (2013: HK\$30 million) as a result of the Group's enormous efforts to improve profitability and the positive impact from a change in fair value of derivatives. Basic earnings per share increased to HK13 cents (2013: HK11 cents).

The operating environment remained tough. Labor costs kept rising due to the tight labor supply in southern China. The change of operation mode of one of the Group's factories in China from contract processing to import processing during the period under review also increased the Group's costs. The Group continued to implement measures to streamline its operation and enhance efficiency. Modest adjustment to the Group's product prices were also made in order to alleviate part of the negative cost impact. During the period under review, there was also an increase in fair value of derivative financial instruments hedging the Renminbi exposure of the Group. As a result of the above, the Group's gross profit margin and net profit margin increased from 18.37% to 18.96% and from 4.97% to 5.49% respectively.

THE ODM BUSINESS

For the six months ended 30 September 2014, the Group's original design manufacturing ("ODM") turnover increased by 1.53% to HK\$531 million (2013: HK\$523 million). ODM operation was the core business of the Group and accounted for 88% of the Group's total consolidated turnover. In terms of geographical allocation, Europe and United States continued to be the two major geographical markets of the Group's eyewear products, which represented 57% and 39% (2013: 52% and 43%) of the Group's ODM turnover respectively. The Group's ODM turnover to Europe and the United States increased by 12% to HK\$303 million (2013: HK\$271 million) and decreased by 8% to HK\$208 million (2013: HK\$225 million) respectively. During the period under review, the Group in general benefited from the consolidation of market supply in the eyewear manufacturing industry, but the customers in the United States were still very prudent in order placement. The Group continued to deliver customers a wide spectrum of eyewear products in different materials. In terms of product mix, sales of plastic frames, metal frames and others accounted 58%, 40% and 2% (2013: 56%, 43% and 1%) of the Group's ODM turnover respectively.

THE BRANDED EYEWEAR DISTRIBUTION BUSINESS

As a result of the weak market demand and increased market competition in most of the Asian countries during the period under review, the Group's branded eyewear distribution turnover decreased by 13% to HK\$70 million (2013: HK\$80 million), which represented 12% of the Group's total consolidated turnover. Asia was the strategic focus of the Group's distribution business and accounted for 83% of the total branded eyewear distribution turnover. Within Asia, China and Japan were the top contributors and respectively accounted for 34% and 18% of the total distribution turnover. In the first half of the current fiscal year, the Group observed a steady growth in the sales in China due to the Group's continuous efforts to expand its distribution networks within the territory and the increase of market presence of the Group's products. Nevertheless, the market demand from Japan, Korea and other South East Asian countries dropped as a result of sluggish economic growth and social instability.

Management Discussion and Analysis (continued)

LIQUIDITY AND CAPITAL RESOURCES

The Group continued to maintain a strong liquidity and financial position. It held a cash and bank balance of HK\$309 million as at 30 September 2014 and did not have any bank borrowings throughout the period. Net cash inflow from operation amounted to HK\$33 million during the six months ended 30 September 2014. The Group will continue to adopt a prudent approach to manage its cash flows, without compromising the needs of investing in carefully selected assets that are strategically important for the Group's long term development as well as new business opportunities.

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 2014. 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 2014, the net current assets and current ratio of the Group were approximately HK\$625 million and 3.6:1 respectively. The total shareholders' equity of the Group decreased to HK\$937 million as at 30 September 2014 from HK\$943 million as at 31 March 2014. The Group closely controlled its inventories and monitored its debt collection status. Debtor turnover period and inventory turnover period were managed at a level of 104 days and 74 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 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 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 7,500 people as at 30 September 2014. 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 2014, 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)

CAPITAL COMMITMENT

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

PROSPECTS

The global economy is still clouded by uncertainty. The Directors expect that the business environment will continue to be challenging in the second half of the current fiscal year. The consumer confidence in United States, Europe and most of the Asian countries has not recovered in the pace as expected. Customers are still very cost conscious. Although the Group has tried to introduce modest product price adjustment during the period under review, the adjustment could not catch up with the full impact of the persistently increasing operating costs.

The Directors expect that labor costs in China will further rise as a result of the general social policy adopted by the Chinese government and the labor shortage in Pearl River Delta area. Some cities in China have already increased the statutory minimum wages in the first half of 2014. The Directors believe that the province of Guangdong, where the Group's major production facilities are located, are expected to follow suit and adjust the statutory minimum wages in the months to come. In that case, the profitability of the Group will be adversely affected.

In response to the challenges, the Group will continue to improve its operation efficiency. Since last fiscal year, the Group has been introducing specialty projects to streamline production processes, improve mould tools, minimize material consumption and increase sourcing effectiveness, and the Group will further broaden the scope and depth of such projects. Furthermore, the Group will optimize its product mix by retiring the products with unreasonably low profit margin. At the same time, the Group will continue to explore room to introduce appropriate product price adjustment in order to maintain the product pricing on a level that is sustainable under the current inflating cost environment.

The Group will continue to optimize the brand portfolio of its distribution business. Non-performing brands will be phased out to retain resources for developing new brands with high potential. The Group will further explore new distribution channels worldwide and widen its product variety. Meanwhile, the Group will continue to increase the market presence of its branded eyewear products in the market of China. The Directors believe that China will be an important growth driver for the Group. To increase the share in this fast growing market, the Group's distribution business in China will be further strengthened by expanding the sales network and introducing products which are specially tailored for this market.

Looking forward, the business environment ahead will still be full of challenges as well as opportunities. Levering on the strength in product design, effective manufacturing operation, brand management and solid financial fundamentals, the Directors are confident that the Group will continue to create long-term value for our shareholders and deliver the objective to achieve sustainable growth in the long run.

Management Discussion and Analysis (continued)

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 and complied 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"), except for the deviation from code provision A.2.1 of the CG Code.

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 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 2014 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 2014.

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, 26 November 2014

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



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 9 to 20, which comprise the condensed consolidated statement of financial position as of 30 September 2014 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 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 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

26 November 2014

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 September 2014

	NOTES	Six months ended	
		30.9.2014 HK\$'000 (unaudited)	30.9.2013 HK\$'000 (unaudited)
Revenue		600,967	603,429
Cost of sales		(487,017)	(492,552)
Gross profit		113,950	110,877
Bank interest income		1,733	1,475
Other income, gains and losses		74	(833)
Selling and distribution costs		(10,664)	(11,874)
Administrative expenses		(65,993)	(65,270)
Profit before tax		39,100	34,375
Income tax expense	4	(6,079)	(4,370)
Profit for the period attributable to the owners of the Company	5	33,021	30,005
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		347	100
Total comprehensive income for the period attributable to the owners of the Company		33,368	30,105
Earnings per share			
Basic	7	HK13 cents	HK11 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September 2014

	NOTES	30.9.2014 HK\$'000 (unaudited)	31.3.2014 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	309,834	313,179
Prepaid lease payments		3,359	3,405
Deposit paid for acquisition of property, plant and equipment		2,428	1,860
Deferred tax assets		339	339
		315,960	318,783
CURRENT ASSETS			
Inventories		196,379	174,899
Trade and other receivables	9	356,234	329,625
Prepaid lease payments		91	91
Derivative financial instruments		562	–
Tax recoverable		3,384	1,384
Pledged bank deposits		–	936
Bank balances and cash		308,505	335,331
		865,155	842,266
CURRENT LIABILITIES			
Trade and other payables	10	235,596	207,895
Derivative financial instruments		1,268	5,506
Tax payable		3,396	744
		240,260	214,145
NET CURRENT ASSETS		624,895	628,121
		940,855	946,904
CAPITAL AND RESERVES			
Share capital	11	26,278	26,278
Share premium and reserves		910,852	916,901
		937,130	943,179
NON-CURRENT LIABILITY			
Deferred tax liabilities		3,725	3,725
		940,855	946,904

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2014

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 (Note)	Property revaluation reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2013 (audited)	26,278	78,945	18,644	16,994	241	800,290	941,392
Profit for the period	-	-	-	-	-	30,005	30,005
Other comprehensive income for the period	-	-	-	-	100	-	100
Total comprehensive income for the period	-	-	-	-	100	30,005	30,105
Dividends recognised as distribution (note 6)	-	-	-	-	-	(28,906)	(28,906)
At 30 September 2013 (unaudited)	26,278	78,945	18,644	16,994	341	801,389	942,591
At 1 April 2014 (audited)	26,278	78,945	18,644	18,280	(203)	801,235	943,179
Profit for the period	-	-	-	-	-	33,021	33,021
Other comprehensive income for the period	-	-	-	-	347	-	347
Total comprehensive income for the period	-	-	-	-	347	33,021	33,368
Dividends recognised as distribution (note 6)	-	-	-	-	-	(39,417)	(39,417)
At 30 September 2014 (unaudited)	26,278	78,945	18,644	18,280	144	794,839	937,130

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 2014

	Six months ended	
	30.9.2014	30.9.2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash from operating activities	33,030	63,607
Purchase of property, plant and equipment	(22,329)	(34,835)
Others	1,800	538
Net cash used in investing activities	(20,529)	(34,297)
Cash used in a financing activity – dividends paid	(39,417)	(28,906)
Net (decrease) increase in cash and cash equivalents	(26,916)	404
Cash and cash equivalents at beginning of the period	335,331	351,960
Effect of foreign exchange rate changes	90	–
Cash and cash equivalents at end of the period, representing bank balances and cash	308,505	352,364

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2014

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 and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2014 are the same with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2014.

In the current interim period, the Group has applied, for the first time, the following new and revised HKAS(s), Hong Kong Financial Reporting Standards (“HKFRS(s)”), amendments and interpretation (“HK(IFRIC) – Int”) (hereinafter collectively referred to as the “new and revised HKFRSs”) issued by the HKICPA:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27 *Investment Entities*;
- Amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities*;
- Amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*;
- Amendments to HKAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*;
- HK(IFRIC)-Int 21 *Levies*.

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

Notes to the Condensed Consolidated Financial Statements (continued)
for the six months ended 30 September 2014

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 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 by reference to the condensed consolidated statement of profit or loss and other comprehensive income.

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

4. INCOME TAX EXPENSE

	Six months ended	
	30.9.2014	30.9.2013
	HK\$'000	HK\$'000
<hr/>		
The charge comprises:		
Hong Kong Profits Tax	4,072	2,170
People's Republic of China ("PRC") Enterprise Income Tax	2,007	2,200
	<hr/> 6,079	<hr/> 4,370

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit 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 tax 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 2014

5. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2014	30.9.2013
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging (crediting):		
Impairment losses (reversed) recognised on trade receivables	(770)	1,537
Depreciation of property, plant and equipment	25,975	25,879
Employee benefits expenses	220,610	208,633
Net foreign exchange losses	5,908	16
Fair value changes on derivative financial instruments	(4,800)	(408)
Release of prepaid lease payments	46	46
Write-down of inventories	3,166	1,948

6. DIVIDENDS

During the period, a final dividend in respect of the year ended 31 March 2014 of HK10.0 cents per share and a special dividend of HK5.0 cents per share amounting to approximately HK\$39,417,000 in total (six months ended 30 September 2013: final dividend in respect of the year ended 31 March 2013 of HK10.0 cents per share and a special dividend of HK1.0 cent per share amounting to approximately HK\$28,906,000 in total) were paid to shareholders.

Subsequent to 30 September 2014, 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 2015 (2013: an interim dividend of HK4.5 cents per share and a special dividend of HK1.0 cent per share in respect of the year ended 31 March 2014 amounting to approximately HK\$14,453,000 in total) will be paid to the shareholders of the Company whose names appear in the Register of Members on 29 December 2014.

Notes to the Condensed Consolidated Financial Statements (continued)
for the six months ended 30 September 2014

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	
	30.9.2014	30.9.2013
	HK\$'000	HK\$'000
<hr/>		
Earnings		
Earnings for the purpose of basic earnings per share	33,021	30,005
<hr/>		
Number of shares		
Number of ordinary shares in issue for the purpose of basic earnings per share	262,778,286	262,778,286
<hr/>		

No diluted earnings 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\$22,329,000 (six months ended 30 September 2013: HK\$34,835,000) 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 2013: Nil).

Notes to the Condensed Consolidated Financial Statements (continued)
for the six months ended 30 September 2014

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:

	30.9.2014	31.3.2014
	HK\$'000	HK\$'000
Trade receivables		
Current	319,799	291,796
Overdue up to 90 days	20,476	19,229
Overdue more than 90 days	3,424	2,551
	343,699	313,576
Prepayments	8,422	7,523
Deposits	3,156	3,241
Other receivables	957	5,285
Trade and other receivables	356,234	329,625

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:

	30.9.2014	31.3.2014
	HK\$'000	HK\$'000
Trade payables		
Current and overdue up to 90 days	145,582	130,798
Overdue more than 90 days	11,350	2,980
	156,932	133,778
Accruals	68,293	63,238
Other payables	10,371	10,879
Trade and other payables	235,596	207,895

Notes to the Condensed Consolidated Financial Statements (continued)
for the six months ended 30 September 2014

11. SHARE CAPITAL

	Number of shares	Nominal amount HK\$'000
Ordinary shares of HK\$0.10 each		
Issued and fully paid:		
At 1 April 2013, 30 September 2013, 31 March 2014 and 30 September 2014	262,778,286	26,278

12. CAPITAL AND OTHER COMMITMENTS

	30.9.2014 HK\$'000	31.3.2014 HK\$'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements		
– Acquisition of plant and machinery	2,319	3,185
– Factory under construction or renovation	6,086	7,465
	8,405	10,650
Commitments contracted for but not provided in the condensed consolidated financial statements in respect of license fee for brandnames	20,946	11,532
	29,351	22,182

Notes to the Condensed Consolidated Financial Statements (continued)
for the six months ended 30 September 2014

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	
	30.9.2014	30.9.2013
	HK\$'000	HK\$'000
Short-term benefits	2,013	1,903

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 6 September 2004, a share option scheme (the "2004 Share Option Scheme") was adopted in order to comply with the amendments to Chapter 17 of the Listing Rules 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, primarily for providing incentives to eligible employees. No share options have been granted, exercised, cancelled or lapsed under both of the 2004 Share Option Scheme and the 2014 Share Option Scheme since their adoption.

Notes to the Condensed Consolidated Financial Statements (continued)
for the six months ended 30 September 2014

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;
- 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
	30.9.2014	31.3.2014		
Derivative financial instruments (mainly representing foreign currency forward contracts)	Assets – HK\$562,000 Liabilities – HK\$1,268,000	Liabilities – HK\$5,506,000	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 each reporting period.

OTHER INFORMATION

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 2014 (2013: HK4.5 cents and HK1.0 cent). The interim dividend and interim special dividend will be payable on or about 14 January 2015 to the shareholders whose names appear on the register of members of the Company at the close of trading on 29 December 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 19 December 2014 to 29 December 2014, 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, with its address details specified below, not later than 4:00 p.m. on 18 December 2014:

- 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong (effective up to 30 November 2014)
- A18/F, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong (effective from 1 December 2014)

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 2014 and as at 30 September 2014, 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 2014, 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	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%
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 (sister of Mr. Ku Ngai Yung, Otis and Mr. Ku Ka Yung) 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 2014, 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 2014, 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.

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%
Ku Ling Wah, Phyllis (Notes 1, 2 & 3)	137,359,382	52.27%
FMR LLC (Note 4)	24,192,000	9.21%
Webb David Michael (Notes 5 & 6)	26,326,000	10.02%
Preferable Situation Assets Limited (Note 6)	18,443,000	7.02%

Other Information (continued)

Notes:

1. As at 30 September 2014, 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. Ms. Ku Ling Wah, Phyllis 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 2014, The Vision Trust ultimately and wholly owned UVI, which held 137,359,382 shares of the Company.
4. 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.
5. According to an individual substantial shareholder notice filed by David Michael Webb on 21 February 2014, as at 18 February 2014 (i.e. the date of the relevant event as set out in the individual substantial shareholder notice filed on 21 February 2014), of the 26,326,000 shares of the Company held by David Michael Webb, 6,776,000 shares of the Company were held directly by him, while 19,550,000 shares of the Company were held through corporation controlled by David Michael Webb, of which 18,908,000 shares of the Company were held through his wholly owned company, Preferable Situation Assets Limited. By virtue of the interests in the Company held by corporation controlled by David Michael Webb, David Michael Webb is deemed to be interested in the same 19,550,000 shares of the Company as mentioned above 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 January 2011, 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 interest 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 2014, 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.

