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

SUN HING VISION GROUP HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 125)

RESULTS ANNOUNCEMENT
FINANCIAL YEAR ENDED 31 MARCH 2007

The board (the “Board”) of directors (the “Directors”) of Sun Hing Vision Group Holdings Limited (the “Company”) is pleased to announce the results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2007.

RESULTS

For the year ended 31 March 2007, turnover of the Group increased by 47% to HK$966 million (2006: HK$657 million), and the profit for the year of the Group increased by 73% to HK$126 million (2006: HK$73 million). Basic earnings per share increased to HK48 cents (2006: HK28 cents).

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2007

	NOTES	**2007** *HK$'000*	2006 *HK$'000*
Revenue	*3*	**965,990**	657,254
Cost of sales		**(687,175)**	(467,328)
Gross profit		**278,815**	189,926
Bank interest income		**3,245**	2,558
Other income		**1,448**	1,195
Selling and distribution costs		**(17,513)**	(13,572)
Administrative expenses		**(128,903)**	(100,268)
Surplus on revaluation of land and buildings		**1,336**	1,116
Profit before taxation		**138,428**	80,955
Taxation	*4*	**(12,526)**	(8,003)
Profit for the year	*5*	**125,902**	72,952
Dividends	*6*	**37,577**	35,798
Earnings per share	*7*		
Basic		**HK48 cents**	HK28 cents
Diluted		**HK48 cents**	HK28 cents

CONSOLIDATED BALANCE SHEET
AT 31 MARCH 2007

	2007	2006
	HK$'000	*HK$'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**243,963**	217,312
Prepaid lease payments	**4,047**	4,138
Time deposit	**11,700**	11,700
	259,710	233,150
CURRENT ASSETS		
Inventories	**167,595**	177,373
Trade and other receivables	**237,548**	190,946
Prepaid lease payments	**91**	91
Time deposit	**15,600**	15,600
Bank balances and cash	**131,966**	104,227
	552,800	488,237
CURRENT LIABILITIES		
Trade and other payables	**151,102**	152,142
Tax liabilities	**6,707**	2,807
	157,809	154,949
NET CURRENT ASSETS	**394,991**	333,288
	654,701	566,438
CAPITAL AND RESERVES		
Share capital	**26,278**	26,248
Reserves	**621,722**	531,616
	648,000	557,864
NON-CURRENT LIABILITY		
Deferred tax liabilities	**6,701**	8,574
	654,701	566,438

Notes:

1. BASIC OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for certain leasehold land and buildings, which are measured at revalued amounts.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are either effective for accounting periods beginning on or after 1st December, 2005 or 1st January, 2006. The adoption of the new HKFRSs has had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendment and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendment and interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKAS 23 (Revised)	Borrowing Costs[2]
HKFRS 7	Financial Instruments: Disclosures[1]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – INT 8	Scope of HKFRS 2[3]
HK(IFRIC) – INT 9	Reassessment of Embedded Derivatives[4]
HK(IFRIC) – INT 10	Interim Financial Reporting and Impairment[5]
HK(IFRIC) – INT 11	HKFRS 2 - Group and Treasury Share Transactions[6]
HK(IFRIC) – INT 12	Service Concession Arrangements[7]

[1] Effective for annual periods beginning on or after 1st January, 2007
[2] Effective for annual periods beginning on or after 1st January, 2009
[3] Effective for annual periods beginning on or after 1st May, 2006
[4] Effective for annual periods beginning on or after 1st June, 2006
[5] Effective for annual periods beginning on or after 1st November, 2006
[6] Effective for annual periods beginning on or after 1st March, 2007
[7] Effective for annual periods beginning on or after 1st January, 2008

3. SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for goods sold to outside customers during the year. In accordance with the Group's internal financial reporting, the Group has determined that geographical segments are its primary reporting format.

(a) Business segments

The Group is principally engaged in the design, manufacture and sales of optical products. No business segment analysis is presented as management considers this as one single business segment.

(b) Geographical segments

The Group's operations and assets are located in Hong Kong and elsewhere in the People's Republic of China (the "PRC").

Segment information of the Group by location of customers is presented as below:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2007

	Europe	United States	Asia	Other regions	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	**548,268**	**313,680**	**82,601**	**21,441**	**965,990**
RESULT					
Segment result	**112,439**	**69,226**	**6,459**	**2,746**	**190,870**
Bank interest income					**3,245**
Other income					**1,448**
Surplus on revaluation of land and buildings					**1,336**
Unallocated corporate expenses					**(58,471)**
Profit before taxation					**138,428**
Taxation					**(12,526)**
Profit for the year					**125,902**

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2006

	Europe	United States	Asia	Other regions	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	343,939	223,674	73,400	16,241	657,254
RESULT					
Segment result	68,672	46,659	6,910	2,477	124,718
Bank interest income					2,558
Other income					1,195
Surplus on revaluation of land and buildings					1,116
Unallocated corporate expenses					(48,632)
Profit before taxation					80,955
Taxation					(8,003)
Profit for the year					72,952

4. TAXATION

	2007	2006
	HK$'000	*HK$'000*
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	**14,658**	7,728
PRC Enterprise Income Tax	**21**	101
	14,679	7,829
Deferred taxation	**(2,153)**	174
	12,526	8,003

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

A portion of the Group's profits neither arises in, nor is derived from, Hong Kong. Accordingly, that portion of the Group's profit is not subject to Hong Kong Profits Tax. Further, in the opinion of the directors, that portion of the Group's profit is not at present subject to taxation in any other jurisdictions in which the Group operates.

5. PROFIT FOR THE YEAR

	2007	2006
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Auditor's remuneration	**1,122**	630
Cost of inventories recognised as expense	**687,175**	467,328
Depreciation of property, plant and equipment	**40,211**	38,013
Net foreign exchange losses	**6,043**	1,923
Loss on disposal of property, plant and equipment	**–**	10
Release of prepaid lease payments	**91**	91
Staff cost		
– directors' emoluments	**4,704**	4,199
– other staff costs	**176,678**	135,506
– share-based payment expenses	**215**	215
– retirement benefit scheme contribution excluding those of directors' and net of forfeited contribution of HK$26,000 (2006: HK$21,000)	**3,390**	3,156
	184,987	143,076
and after crediting:		
Gain on disposal of property, plant and equipment	**70**	–

6. DIVIDENDS

	2007	2006
	HK$'000	*HK$'000*
Final, paid – HK8.1 cents per share for 2006 (2006: HK8.1 cents per share for 2005)	**21,285**	20,837
Interim, paid – HK4.2 cents per shares for 2007 (2006: HK4.2 cents per share for 2006)	**11,036**	11,024
Special, paid – HK2.0 cents per share for 2007 (2006: HK1.5 cents per share for 2006)	**5,256**	3,937
	37,577	35,798

The final dividend of HK10 cents (2006: HK8.1 cents) per share and a special dividend of HK2 cents (2006: nil) per share in respect of the year ended 31 March 2007 has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

7. EARNINGS PER SHARE

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

	2007	2006
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**125,902**	72,952
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**262,775,820**	259,815,068
Effect of dilutive potential ordinary shares:		
– Share options	**1,600**	222,837
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**262,777,420**	260,037,905

FINAL AND SPECIAL DIVIDENDS

The Directors have resolved to recommend at the forthcoming annual general meeting a final dividend of HK10 cents per share and a final special dividend of HK2 cents per share for the year ended 31 March 2007, to the shareholders whose names appear in the register of members of the Company at the close of business on 24 August 2007. This final and final special dividend, together with the interim and interim special dividend of HK6.2 cents per share already paid, will make a total distribution of HK18.2 cents per share for the full year. The final dividend and the final special dividend are expected to be paid on or about 28 September 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 20 August 2007 to 24 August 2007, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and final special dividend, all transfers accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 17 August 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the year under review, the demand for the Group's products remained strong and reached a record level for both of its original design manufacturing (ODM) business as well as its branded eyewear distribution business. With its strong growth momentum, the ODM business continued to contribute a major part of the Group's turnover during the year under review. The ODM business and the branded eyewear distribution business accounted for 88% and 12% of the Group's turnover respectively.

While we saw encouraging sales performance during the year under review, the Group was still under severe production cost pressures arising from the increasingly difficult operating environment for wage levels, as well as the gradual appreciation of Renminbi, during the year under review were still evident and adversely affected the profitability of the Group. However, due to the pro-active efforts made by the Group in enhancing its productivity and operating efficiency, the gross profit margin percentage has stabilized and remained at 29% (2006: 29%).

The ODM Business

Owing to its competitive edge in producing premium quality fashion eyewear and its strength in product development, the demand for the Group's ODM products has remained strong throughout the year under review. Turnover of the Group's ODM business increased substantially by 49% to HK$848 million. The major markets of the Group's ODM products, Europe and the United States, accounted for 63% and 35% (2006: 58% and 38%) of the Group's turnover of its ODM business respectively. The Group's ODM turnover in Europe recorded a remarkable growth of 61%, while ODM turnover in the United States also increased satisfactorily by 34%.

During the year under review, a more balanced state of the market preference between metal and plastic eyewear products has contributed positively to the ODM turnover and overall performance of the Group. Sales of metal and plastic frames during the year increased by 64% and 25% respectively. Sales of metal frames, plastic frames and other spare parts accounted for 66%, 32% and 2% respectively of the Group's ODM turnover during the year under review (2006: 60%, 38% and 2%).

The Branded Eyewear Distribution Business

The rapid growth pace of the Group's branded eyewear distribution business in previous year continued during the year under review. Turnover contributed by the branded eyewear distribution business increased significantly by 36% to HK$118 million. The Group's has made strenuous efforts in expanding the geographic coverage as well as in strengthening the market penetration of its licensed and house brands. Levi's® eyewear collection continued to be main driver for the growth of the turnover of the Group's branded eyewear distribution business. The other existing brands were also performing solidly during the year under review. Asia continued to be the major market of the Group's branded eyewear distribution business and accounted for 59% of the Group's distribution turnover (2006: 69%), while the contributions from other markets are increasing.

LIQUIDITY AND CAPITAL RESOURCES

During the year under review, the cash inflow from operations reached HK$126 million. This strong cashflow was primarily attributed to the rapid growth in business, active collection management, as well as cautious expenditure control. As at 31 March 2007, net current assets and current ratio of the Group were approximately HK$395 million and 3.5:1 respectively. As at 31 March 2007, the Group did not have any bank borrowings, and time deposits as well as bank and cash balance amounted to HK$159 million. The total shareholders' equity of the Group increased to HK$648 million as at 31 March 2007 from HK$558 million at 31 March 2006. During the year under review, inventory turnover period and debtor turnover period were 89 days and 88 days respectively. In light of the increasingly fashion-oriented nature of the eyewear industry, the management has reviewed and improved its internal operations to identify existing slow-moving inventories and to enhance inventory turnover in the future. The Directors are confident that the financial position of the Group will remain strong, and the Group has sufficient liquidity and financial resources to meet its present commitments and future expansion plans.

Backed by the Group's strong performance and cash position, the Directors have resolved to declare a final special dividend of HK2 cents per share on the top of the final dividend of HK10 cents per share for the year ended 31 March 2007. The Directors will continue to monitor the dividend policy closely to ensure that the optimal balance can be achieved between the reinvestment and distribution of earnings in the Group and to the shareholders respectively.

Most of the Group's transactions were conducted in United States dollars, Hong Kong dollars and Renminbi. In addition, the majority of the Group's assets were also kept in these currencies. No hedging for foreign exchange was used given that the Group's exposure to currency fluctuation was still relatively limited.

PROSPECTS

The Directors believe that the operating environment of the Group and the market are in a state of rapid change which presents both challenges to the Group's operations and opportunities for future development.

There is no doubt that the heightening cost pressures, increasingly stringent customers' requirements and rapidly changing fashion trend will continue to be the main challenges faced by the Group in the coming financial year. In anticipation of these factors, the Group has adopted various measures in enhancing its productivity and operating efficiency. These measures are initially proved to be effective as reflected by the performance of the Group in the year under review. The Directors will continue to drive these strategic measures with a view to deepen their Group-wide applications and effects, and explore other enhancement initiatives for improving the Group's operations on an on-going basis.

The Directors believe that after a year of strong growth for the Group's ODM business, the pace of development for the next fiscal year might not be as significant as that in the year under review, primarily due to the customers' adjustments in inventory holding policy and order pattern. However, due to the strong global economy and the continual shift of the European customers' sourcing activity to Asian manufacturers, the Directors are cautiously optimistic about the Group's ODM business development in the coming fiscal year. To cope with the changing market demand, the Group will continue to invest to upgrade its production facilities, to enhance its production flexibility, and to expand capacity in a prudent and cautious manner.

The Directors consider the Group's branded eyewear distribution business as an important contributor to the growth of the Group's turnover in the coming few years. It is expected that the performance of the branded eyewear distribution business will continue to be satisfactory in the next fiscal year. Based on the successful experience of the Levi's® eyewear collection, the Group will continue to expand the geographic coverage of the eyewear collections of its brand portfolio, and to explore different distribution channels to deepen the market penetration of its products in each major market. In anticipation of the development of the branded eyewear distribution business, the Group is taking steps to restructure it's distribution operations and to strengthen it's distribution team. In the meantime, the Group will continue to optimize its brand portfolio by acquiring more prominent brands, focusing resources on selected brands more intensively, and phasing out brands with small volumes.

CORPORATE GOVERNANCE

The Company is committed to maintaining 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 is of the view that the Company has met the code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules, except for deviations from code provision A.2.1 only. This code provision stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Mr. Ku Ngai Yung, Otis has been assuming the roles of both the Chairman and the Chief Executive Officer of the Company since its establishment. The Board intends to maintain this structure in the future as it believes that it would provide the Group with strong and consistent leadership and allow the Group's business operations, planning and decision making as well as execution of long-term business strategies to be carried out more effectively and efficiently.

AUDIT COMMITTEE

An audit committee has been established by the Company to act in an advisory capacity and to make recommendations to the Board. The members of the audit committee comprise the three independent non-executive directors of the Company, who are Mr. Lo Wa Kei, Roy (Chairman), Mr. Lee Kwong Yiu and Mr. Wong Che Man, Eddy. The audit committee has adopted the principles set out in the CG Code. The duties of the audit committee include review of the interim and annual reports of the Company as well as various auditing, financial reporting and internal control matters with the management and/or external auditor of the Company. The Group's consolidated financial statements for the year ended 31 March 2007 have been reviewed by the Audit Committee and audited by the Company's external auditors Deloitte Touche Tohmatsu.

REMUNERATION COMMITTEE

A remuneration committee was established in September 2005 and currently comprises Mr. Lee Kwong Yiu (Chairman), Mr. Lo Wa Kei, Roy and Mr. Wong Che Man, Eddy, all of whom are independent non-executive directors, as well as the human resources manager of the Group. The duties of the remuneration committee include the determination of remuneration of executive directors and review of the remuneration policy of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors (the "Code"). Having made specific enquiry of the Directors, all the Directors confirmed that they had compiled with the required standards as set out in the Code for the year ended 31 March 2007.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated balance sheet, consolidated income statements and the related notes thereto for the year ended 31 March 2007 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

APPRECIATION

On behalf of the Board, we would like to thank our customers for their support during the year. We would also like to express our sincere appreciation to our shareholders, staff, suppliers, bankers for their efforts and commitments.

By order of the Board
Ku Ngai Yung, Otis
Chairman

Hong Kong, 13 July 2007

As at the date hereof, the executive Directors are Mr. Ku Ngai Yung, Otis, Mr. Ku Ka Yung, Ms. Ku Ling Wah, Phyllis, Mr. Tsang Wing Leung, Jimson, Mr. Chan Chi Sun and Ms. Ma Sau Ching, and the independent non-executive Directors are Mr. Lo Wa Kei, Roy, Mr. Lee Kwong Yiu and Mr. Wong Che Man, Eddy, and the non-executive Director is Mr. Ku Yiu Tung.