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

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(Incorporated in Bermuda with limited liability)

(Stock Code: 125)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

OPERATING RESULTS

The Board of Directors (the "Board") of Sun Hing Vision Group Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2007, together with the comparative figures for the corresponding previous period as follows:–

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

		Six months ended	
		30.9.2007	30.9.2006
	NOTES	**HK$'000**	HK$'000
		(Unaudited)	(Unaudited)
Revenue	3	**534,843**	445,685
Cost of sales		**(382,272)**	(322,228)
Gross profit		**152,571**	123,457
Bank interest income		**3,690**	1,488
Other income		**663**	782
Selling and distribution costs		**(10,554)**	(6,798)
Administrative expenses		**(65,872)**	(59,869)
Profit before taxation		**80,498**	59,060
Taxation	4	**(8,059)**	(6,421)
Profit for the period	5	**72,439**	52,639
Dividend	6	**31,533**	21,285
Earnings per share	7		
Basic		**HK28 cents**	HK20 cents
Diluted		**HK28 cents**	HK20 cents

* *For identification purpose only*

CONDENSED CONSOLIDATED BALANCE SHEET
AT 30 SEPTEMBER 2007

	30.9.2007 **HK$'000** **(Unaudited)**	31.3.2007 HK$'000 (Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	**260,574**	243,963
Prepaid lease payments	**4,000**	4,047
Time deposit	**11,700**	11,700
	276,274	259,710
CURRENT ASSETS		
Inventories	**170,746**	167,595
Trade and other receivables	**263,879**	237,548
Prepaid lease payments	**91**	91
Time deposit	**15,600**	15,600
Bank balances and cash	**178,639**	131,966
	628,955	552,800
CURRENT LIABILITIES		
Trade and other payables	**194,856**	151,102
Tax liabilities	**14,766**	6,707
	209,622	157,809
NET CURRENT ASSETS	**419,333**	394,991
	695,607	654,701
CAPITAL AND RESERVES		
Share capital	**26,278**	26,278
Reserves	**662,628**	621,722
	688,906	648,000
NON-CURRENT LIABILITY		
Deferred tax liabilities	**6,701**	6,701
	695,607	654,701

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual audited financial statements for the year ended 31 March 2007.

In the current interim period, the Group has applied, for the first time, a number of new standard, amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 April 2007. The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new 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, amendments and interpretations will have no material impact on the results and the financial position of the Group.

HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-INT 12	Service Concession Arrangements[2]
HK(IFRIC)-INT 13	Customer Loyalty Programmes[3]
HK(IFRIC)-INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[2]

1 Effective for annual periods beginning on or after 1 January 2009

2 Effective for annual periods beginning on or after 1 January 2008

3 Effective for annual periods beginning on or after 1 July 2008

3. SEGMENTAL INFORMATION

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.

GEOGRAPHICAL SEGMENTS

The Group's operations and assets are located in Hong Kong and elsewhere in the People's Republic of China. Segment information of the Group by location of customers is presented as below:

	Six months ended			
	30.9.2007		30.9.2006	
	Revenue HK$'000	**Results HK$'000**	Revenue HK$'000	Results HK$'000
Europe	**257,672**	**50,552**	263,449	49,622
United States	**220,728**	**46,993**	135,075	26,863
Asia	**46,228**	**3,825**	35,343	3,433
Others	**10,215**	**1,229**	11,818	1,574
	534,843	**102,599**	445,685	81,492
Unallocated corporate income		**4,353**		2,270
Unallocated corporate expenses		**(26,454)**		(24,702)
Profit before taxation		**80,498**		59,060
Taxation		**(8,059)**		(6,421)
Profit for the period		**72,439**		52,639

4. TAXATION

	Six months ended	
	30.9.2007 HK$'000	30.9.2006 HK$'000
Hong Kong Profits Tax	**8,059**	6,421

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

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 Profit Tax. Further, in the opinion of the directors, that portion of the Group's profit is not subject to taxation in any other jurisdictions in which the Group operates.

5. PROFIT FOR THE PERIOD

	Six months ended 30.9.2007 HK$'000	Six months ended 30.9.2006 HK$'000
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	**21,461**	19,867
Release of prepaid lease payments	**47**	47
Expense in relation to share options granted to employees	**–**	108

6. DIVIDEND

On 24 August 2007, the final dividend of HK10 cents per share and the final special dividend of HK2 cents per share in respect of the year ended 31 March 2007 (year ended 31 March 2006: final dividend of HK8.1 cents per share) was paid to shareholders.

The directors have determined that an interim dividend of HK4.5 cents per share and a special dividend of HK2.8 cents per share (year ended 31 March 2007: an interim dividend of HK4.2 cents per share and a special dividend of HK2 cents per share) will be paid to the shareholders of the Company whose names appear in the Register of Members on 17 January 2008.

7. EARNINGS PER SHARE

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

	Six months ended 30.9.2007 HK$'000	Six months ended 30.9.2006 HK$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**72,439**	52,639
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**262,778,286**	262,773,368
Effect of dilutive potential ordinary shares: – Share options	**60,465**	2,970
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**262,838,751**	262,776,338

INTERIM AND SPECIAL DIVIDENDS

The Board has resolved to declare an interim dividend of HK4.5 cents and an interim special dividend of HK2.8 cents per share for the six months ended 30 September 2007 (2006: HK4.2 cents and HK2 cents). The interim dividend and interim special dividend will be payable on or about 15 February 2008 to the shareholders whose names appear on the register of members of the Company at the close of trading on 17 January 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 15 January 2008 to 17 January 2008, 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, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on 14 January 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period under review, the Group experienced continuous growth in its turnover by 20% to HK$535 million (2006: HK$446 million). Despite the severe cost pressure arising from the difficult operating environment, the Group has been able to maintain a stable level of overall profitability by implementing various effective measures in enhancing its operating efficiency. For the six months ended 30 September 2007, the net profit of the Group increased by 38% to HK$72 million (2006: HK$53 million). Basic earnings per share increased by 40% to HK28 cents.

During the six months ended 30 September 2007, the demand for the Group's products remained strong for both of its original design manufacturing (ODM) business as well as its branded eyewear distribution business. The branded eyewear distribution business grew at a rapid pace during the current period whereas the ODM business continued to grow satisfactorily and contributed to a major part of the Group's turnover during the period under review. The ODM business and the branded eyewear distribution business accounted for 87% and 13% of the Group's turnover respectively (2006: 89% and 11%).

The difficult operating environment for manufacturing companies in China persisted during the period under review. Without exception, the Group's profitability was adversely affected by increasing raw material costs, energy prices and the surge in wage levels. However, due to the pro-active improvement measures undertaken by the Group in enhancing its operational efficiency, the gross profit margin percentage for the period under review remained stable at approximately 29% when compared with that of 2007 fiscal year (March 2007: 29%).

THE ODM BUSINESS

During the period under review, the Group recorded a satisfactory growth in its ODM turnover of 17% to HK$464 million (2006: HK$396 million). Market preference between metal and plastic eyewear products continued to return to a more balanced state, which was certainly beneficial to the turnover growth and performance of the Group. Sales of metal frames, plastic frames and other spare parts accounted for 60%, 39% and 1% respectively of the Group's ODM turnover during the period under review (2006: 66%, 32% and 2%).

The Group's ODM turnover to Europe was stable at HK$254 million (2006: HK$257 million), while sales to the United States significantly increased by 57% to HK$207 million (2006: HK$131 million). Due to its premium product quality, improved strength in product development and order fulfillment capability, the Group was able to acquire more orders from its ODM customers and this trend was particularly evident for the Group's United States customers. Europe and the United States remained as the major markets of the Group's products and accounted for 55% and 44% (2006: 65% and 33%) of the Group's turnover of its ODM business respectively.

THE BRANDED EYEWEAR DISTRIBUTION BUSINESS

Turnover contributed by the Group's branded eyewear distribution business increased remarkably by 44% to HK$71 million (2006: HK$49 million). This encouraging performance is attributed to the continuous expansion of the geographic coverage of the Levi's eyewear collection during the period, as well as the increasing popularity of eyewear collections for other existing brands, including our in-house fashion brand "PUBLIC+". Asia continued to be the major market of the Group's branded eyewear distribution business and accounted for 61% of the Group's distribution turnover (2006: 60%).

LIQUIDITY AND CAPITAL RESOURCES

During the period under review, the Group continued to benefit from the strong cash inflow from operations, which generated net operating cash inflow of HK$116 million. As at 30 September 2007, net current assets and current ratio of the Group were approximately HK$419 million and 3:1 respectively. As at 30 September 2007, the Group had time deposits as well as bank and cash balance amounting to HK$206 million and did not have any bank borrowings. The total shareholders' equity of the Group increased to HK$689 million as at 30 September 2007 from HK$648 million at 31 March 2007. 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.

Supported by the Group's strong cash position, once again the Directors have resolved to declare a special dividend of HK2.8 cents per share on the top of the interim dividend of HK4.5 cents per share for the six months ended 30 September 2007. The Directors will continue to monitor the dividend policy closely to ensure that an optimal balance can be achieved between the reinvestment in the Group and distribution of earnings to the shareholders respectively.

Most of the Group's transactions were conducted in US dollars, Hong Kong dollars and Renminbi. In addition, the majority of the Group's assets were also kept in these currencies. The exchange rates between these currencies were relatively stable during the period under review, save in respect of the gradual appreciation of Renminbi against US dollars and Hong Kong dollars. No hedging for foreign exchange was used given that the Group's exposure to currency fluctuation was still relatively limited.

At 30 September 2007, the Company guaranteed the bank facilities of its subsidiaries amounting to approximately HK$92 million (2006: HK$66 million), and none of the above-mentioned bank facilities were utilized.

PROSPECTS

Given the Group's excellent product development and order fulfillment capability, the Directors are confident of the long-term prospects of the Group's ODM business. However, the challenges arising from heightening production cost pressure are expected to continue in the second half of the fiscal year, especially for pressure stemming from the upward movement of raw material prices, wage levels and energy prices. Facing these challenges, the Group is undertaking various productivity and operating efficiency enhancement projects with a view to alleviate the negative factors in a pro-active manner. In addition, the sub-prime mortgage crisis in the global financial markets and its impacts on the consumer markets may have adverse impacts on the Group's overall business. The Directors are closely monitoring the situation and will adjust its development strategy swiftly in response to the increased uncertainty if necessary.

It is expected that the performance of the branded eyewear distribution business will remain satisfactory for the second half of the fiscal year. The Group will continue to seek opportunities to expand the geographic coverage of the eyewear collections under its brand portfolio, and to explore different distribution strategies to increase the market penetration of its products in each major market. In the meantime, the Group will strive to optimize its brand portfolio by way of acquiring more prominent brands and increased cooperation with licensing and eyewear distribution partners to develop unique and high-quality products and dedicating more resources on selected brands with prominent growth potential. It is expected that the branded eyewear distribution business will be an important growth driver for the Group in the coming few years.

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 preserving 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 of the CG Code only. This code provision stipulates that the roles of the Chairman and the Chief Executive Officer should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and the 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 auditors of the Company. The Group's unaudited financial statements for the six months ended 30 September 2007 have been reviewed by the Audit Committee together with the Company's external auditor 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 (the "Model Code") 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 six months ended 30 September 2007.

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, I would like to thank our customers for their support during the period. I would also like to express our sincere appreciation to our shareholders, staff, suppliers, bankers for their efforts and commitments.

On behalf of the Board
Ku Ngai Yung, Otis
Chairman

Hong Kong, 19 December 2007

As at the date of this announcement, 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.