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 2013

OPERATING RESULTS

The Board of Directors (the "Board") of Sun Hing Vision Group Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2013, together with the comparative figures for the corresponding previous period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

		Six months ended	
	NOTES	**30.9.2013** ***HK$'000*** **(unaudited)**	30.9.2012 *HK$'000* (unaudited)
Revenue	*3*	**603,429**	557,798
Cost of sales		**(492,552)**	(461,157)
Gross profit		**110,877**	96,641
Bank interest income		**1,475**	2,025
Other income, gains and losses		**(833)**	(61)
Selling and distribution costs		**(11,874)**	(9,359)
Administrative expenses		**(65,270)**	(58,373)
Profit before tax		**34,375**	30,873
Income tax expense	*5*	**(4,370)**	(3,910)
Profit for the period attributable to the owners of the Company	*6*	**30,005**	26,963
Other comprehensive income			
Item that may be subsequently reclassified to profit or loss:			
Exchange difference arising on translation of foreign operations		**100**	–
Total comprehensive income for the period attributable to the owners of the Company		**30,105**	26,963
Earnings per share			
Basic	*8*	**HK11 cents**	HK10 cents

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2013

	NOTES	**30.9.2013** *HK$'000* **(unaudited)**	31.3.2013 *HK$'000* (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**314,086**	302,620
Prepaid lease payments		**3,450**	3,496
Deposit paid for acquisition of property, plant and equipment		**1,518**	3,091
		319,054	309,207
CURRENT ASSETS			
Inventories		**178,535**	183,177
Trade and other receivables	*9*	**318,771**	320,356
Prepaid lease payments		**91**	91
Derivative financial instruments		**863**	455
Tax recoverable		**6,111**	2,429
Bank balances and cash		**352,364**	351,960
		856,735	858,468
CURRENT LIABILITIES			
Trade and other payables	*10*	**229,282**	219,793
Tax payable		**437**	3,011
		229,719	222,804
NET CURRENT ASSETS		**627,016**	635,664
		946,070	944,871
CAPITAL AND RESERVES			
Share capital		**26,278**	26,278
Share premium and reserves		**916,313**	915,114
		942,591	941,392
NON-CURRENT LIABILITY			
Deferred tax liabilities		**3,479**	3,479
		946,070	944,871

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

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 2013 are the same with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2013.

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:

- HKFRS 10 *Consolidated Financial Statements*;
- HKFRS 11 *Joint Arrangements*;
- HKFRS 12 *Disclosure of Interests in Other Entities*;
- Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance*;
- HKFRS 13 *Fair Value Measurement*;
- HKAS 19 (as revised in 2011) *Employee Benefits*;
- HKAS 27 (as revised in 2011) *Separate Financial Statements*;
- HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*;
- Amendments to HKFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities*;
- Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*;
- Amendments to HKFRSs *Annual Improvements to HFKRSs 2009-2011 Cycle*; and
- HK(IFRIC)-Int 20 *Stripping Costs in the Production Phase of a Surface Mine*.

HKFRS 13 "*Fair Value Measurement*"

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Amendments to HKAS 1 "*Presentation of Items of Other Comprehensive Income*"

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Except as described above, the application of other 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.

3. REVENUE

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and related taxes.

4. SEGMENTAL INFORMATION

Whilst the chief operating decision makers, the Company's executive directors, regularly review revenue by geographical location of customers, information about profit or loss by geographical location of customers is not provided to the executive directors for their review. Financial information reported to the executive directors for the purposes of resource allocation and performance assessment focuses on the consolidated gross profit and analysis of the business of manufacturing and trading of eyewear products of the Group as a whole.

As a result, there is only one operating segment for the Group, which is manufacturing and trading of eyewear products. Financial information regarding this segment can be made reference to the condensed consolidated statement of profit or loss and other comprehensive income.

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

5. INCOME TAX EXPENSE

	Six months ended	
	30.9.2013	30.9.2012
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong Profits Tax	**2,170**	2,736
People's Republic of China ("PRC") Enterprise Income Tax	**2,200**	1,174
	4,370	3,910

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both the current and prior periods.

PRC Enterprise Income Tax is calculated at the rates in accordance with the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law.

A portion of the Group's profits earned by a principal subsidiary incorporated in Hong Kong, which is taxed on 50:50 apportionment basis, neither arises in, nor is derived from, Hong Kong. Accordingly, that portion of the Group's profit is not subject to Hong Kong Profits Tax. Further, in the opinion of the directors, that portion of the Group's profit is not at present subject to tax in any other jurisdictions in which the Group operates for both periods.

Pursuant to the relevant laws and regulations in the PRC, two PRC subsidiaries of the Company are exempted from PRC Enterprise Income Tax for two years, followed by a 50% reduction for the next three years. The first profit making year of one of the PRC Enterprise Income Tax subsidiaries was the calendar year ended 31 December 2008. Accordingly, it is exempted from PRC Enterprise Income Tax for two calendar years ended 31 December 2009, and is subjected to a concession rate of 12.5% for the three calendar years ending 31 December 2012. After the end of tax reduction, a unified PRC Enterprise Income Tax rate of 25% will be applied. The other PRC subsidiary has not been charged for PRC Enterprise Income Tax since its assessable profit is absorbed by tax losses brought forward.

6. PROFIT FOR THE PERIOD

	Six months ended 30.9.2013 HK$'000	Six months ended 30.9.2012 HK$'000
Profit for the period has been arrived at after charging (crediting):		
Impairment losses recognised (reversed) on trade receivables	**1,537**	(411)
Depreciation of property, plant and equipment	**25,879**	27,473
Employee benefits expenses	**208,633**	191,522
Gain on disposal of property, plant and equipment	**–**	(124)
Net foreign exchange losses	**16**	596
Release of prepaid lease payments	**46**	46
Write-down of inventories	**1,948**	16,022

7. DIVIDENDS

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

Subsequent to 30 September 2013, the directors determined that an interim dividend of HK4.5 cents per share and a special dividend of HK1.0 cent per share in respect of the year ending 31 March 2014 (2012: 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 2013 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 27 December 2013.

8. 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 30.9.2013 HK$'000	Six months ended 30.9.2012 HK$'000
Earnings		
Earnings for the purpose of basic earnings per share	**30,005**	26,963
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 in both periods.

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:

	30.9.2013	31.3.2013
	HK$'000	*HK$'000*
Trade receivables		
Current	**287,524**	272,055
Overdue up to 90 days	**17,277**	21,970
Overdue more than 90 days	**4,021**	9,945
	308,822	303,970
Prepayments	**4,674**	4,630
Deposits	**4,898**	6,635
Other receivables	**377**	5,121
Trade and other receivables	**318,771**	320,356

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:

	30.9.2013	31.3.2013
	HK$'000	*HK$'000*
Trade payables		
Current and overdue up to 90 days	**151,488**	140,940
Overdue more than 90 days	**6,071**	5,209
	157,559	146,149
Accruals	**64,058**	66,015
Other payables	**7,665**	7,629
Trade and other payables	**229,282**	219,793

11. COMPARATIVE FIGURES

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

DIVIDENDS

The Directors have resolved to declare an interim dividend of HK4.5 cents per share and an interim special dividend of HK1.0 cent per share for the six months ended 30 September 2013 (2012: HK4.5 cents and HK1.0 cent). The interim dividend and interim special dividend will be payable on or about 15 January 2014 to the shareholders whose names appear on the register of members of the Company at the close of trading on 27 December 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 20 December 2013 to 27 December 2013, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed interim dividend and interim special dividend, all transfers accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Union Registrars Limited, 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not later than 4:00 p.m. on 19 December 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Despite the challenging business environment, the Group was able to achieve a relatively stable operating result during the period under review. For the six months ended 30 September 2013, turnover of the Group increased by 8.18% to HK$603 million (2012: HK$558 million). Meanwhile, net profit of the Group increased by 11.28% to HK$30 million (2012: HK$27 million). Accordingly, basic earnings per share increased by 10% to HK11 cents (2012: HK10 cents).

During the period under review, the Group continued to be affected by the rising operating costs in China and the appreciation of Renminbi. The Group introduced specialty projects to streamline production, improve mould tools, enhance work force efficiency and control material costs. As a result, part of the negative cost impact was mitigated by the new measures carried out. Moreover, better operating leverage due to larger business volume also slightly improved the profitability of the Group. For the six months ended 30 September 2013, the Group's gross profit margin and net profit margin increased from 17.33% to 18.37% and 4.83% to 4.97% respectively.

The ODM Business

For the six months ended 30 September 2013, the Group's original design manufacturing ("ODM") turnover increased by 5.87% to HK$523 million (2012: HK$494 million), which represented 87% of the Group's total consolidated turnover. The market demand of Europe and United States remained weak. Affected by the poor market sentiment in Europe, the Group's ODM turnover to Europe decreased by 4.24% to HK$271 million (2012: HK$283 million). On the other hand, the pace of economic recovery of United States was still slow, but the Group's customers in this region adopted a relatively proactive approach in stock replenishment during the first half of this fiscal year. As a result, the Group's ODM turnover to United States increased by 15.98% to HK$225 million (2012: HK$194 million). In terms of geographical allocation, Europe and Unites States continued to be the two largest markets of the Group's ODM business and accounted for 52% and 43% (2012: 57% and 39%) of the Group's ODM turnover respectively. In terms of product mix, sales of plastic frames, metal frames and others accounted for 56%, 43% and 1% (2012: 52%, 47% and 1%) of the Group's ODM turnover respectively. The market demand for plastic frames continued to rise during the period under review. The Group had further adjusted its production facilities to capture the business opportunities emerging as a result of this market trend.

The Branded Eyewear Distribution Business

For the six months ended 30 September 2013, the Group's branded eyewear distribution turnover increased by 25% to HK$80 million (2012: HK$64 million), which represented 13% of the Group's total consolidated turnover. Asia continued to be the largest market of the Group's distribution business and accounted for 84% of the total distribution turnover. During the period under review, the Group observed a slowdown in market demand from areas including Japan, Korea and certain South East Asian countries. However, benefiting from the restructuring of distribution channels in China carried out in last fiscal year, the Group was able to widen its sales base in China and captured new business opportunities.

LIQUIDITY AND CAPITAL RESOURCES

The Group continued to maintain a strong liquidity and financial position. It held a cash and bank balance of HK$352 million as at 30 September 2013 and did not have any bank borrowings throughout the period. Net cash inflow from operation amounted to HK$64 million during the six months ended 30 September 2013. The Group will continue to manage its cash flows in a prudent manner, without compromising the needs of investing in carefully selected strategically important assets that will enhance the Group's competitiveness in the long run.

Given the Group's strong cash position, the Directors have again resolved to declare an interim special dividend of HK1.0 cent per share on the top of the interim dividend of HK4.5 cents per share for the six months ended 30 September 2013. 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 2013, the net current assets and current ratio of the Group were approximately HK$627 million and 3.7:1 respectively. The total shareholders' equity of the Group increased to HK$943 million as at 30 September 2013 from HK$941 million as at 31 March 2013. The Group further strengthened its debt collection function and inventory control during the period under review. Debtor turnover period and inventory turnover period were managed at a level of 93 days and 66 days respectively. The Group adopted a prudent but yet proactive approach in managing its 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.

PROSPECTS

The Directors expect that the business environment will remain difficult in the second half of the current fiscal year. The consumer confidence is still weak in the United States, Europe and certain Asian countries. It is expected that price pressure from the market will remain strong under such an unfavorable economic background. On the other hand, the strong Renminbi environment is expected to persist. This will further amplify the even-increasing operating costs in China that impose severe cost pressure on the Group.

In order to improve the profitability of the Group, specialty projects led by cross-functional teams will continue to be carried out. These projects are targeted to explore efficiency enhancement by improving and re-designing the critical production processes as well as production tools. In addition to the projects mentioned above, the Group will further invest prudently in machinery and equipments which are strategically important for streamlining and automating the Group's production processes, or with tactical value to significantly reduce future operating costs or improve product quality.

Market demand is expected to be volatile in the coming half year due to the uncertain economic condition. In response to the possible market changes in order volume and product mix, the Group will maintain a flexible production capacity and workforce so that it can capture any possible market opportunities that may emerge. The Group will continue to review and strengthen its reward and appraisal system to stimulate the efficiency of workforce. Meanwhile, the Group will further explore new sourcing channels and strengthen the synergy with existing major suppliers to reduce purchase costs.

For the branded eyewear distribution business, the Group will further explore new distribution channels and tailor its branded products for specific regional market to increase product uniqueness. In light of the huge potential of the Chinese consumption power, the Group will continue to increase its presence there and strengthen its wholesale network in China. The Group will further optimize its brand portfolio by introducing new brands with unique characters. During the period under review, the Group launched the first eyewear collection of Alessi, which is a reputable Italian brand combining creative design with strong functionality. The market response for the initial sales has been encouraging. At the same time, the Group is still actively seeking licensing opportunities for new prominent brands to enrich its brand portfolio.

The business environment ahead will be challenging. Levering on our strong foundation and the actions that we are going to take, we have confidence to overcome the challenges, create long-term value for our shareholders and deliver the objective of achieving sustainable growth in the long rum.

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 with the code provisions set out in the Corporate Governance Code (the "CG Code") and Corporate Governance Report contained in Appendix 14 of 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 2013 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.

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.

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 its 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 2013.

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, 27 November 2013

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Ku Ngai Yung, Otis, Mr. Ku Ka Yung, Mr. Tsang Wing Leung, Jimson, Mr. Chan Chi Sun and Ms. Ma Sau Ching, and three independent non-executive directors, namely Mr. Lo Wa Kei, Roy, Mr. Lee Kwong Yiu and Mr. Wong Che Man, Eddy.