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 2014

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 2014, 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 2014

		Six months ended	
		30.9.2014	30.9.2013
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*3*	**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	*5*	**(6,079)**	(4,370)
Profit for the period attributable to the owners of the Company	*6*	**33,021**	30,005
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
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	*8*	**HK 13 cents**	HK11 cents

* *For identification purposes only*

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		**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		**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

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.

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 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.

5. INCOME TAX EXPENSE

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

6. 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

7. 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.

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	
	30.9.2014	30.9.2013
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share	**33,021**	30,005
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:

	30.9.2014	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

DIVIDENDS

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)

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.

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.

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 with 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.

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 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.

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

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.