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 2017

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 2017, together with the comparative figures for the corresponding previous period as follows:

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

		Six months ended	
		30.9.2017	30.9.2016
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*3*	**514,972**	527,607
Cost of sales		**(384,457)**	(404,081)
Gross profit		**130,515**	123,526
Bank interest income		**1,556**	921
Other income, gains and losses		**(1,840)**	(2,212)
Selling and distribution costs		**(13,968)**	(14,655)
Administrative expenses		**(71,251)**	(71,038)
Profit before tax		**45,012**	36,542
Income tax expense	*5*	**(8,284)**	(4,878)
Profit for the period	*6*	**36,728**	31,664
Other comprehensive income (expense)			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**3,729**	(2,502)
Total comprehensive income for the period		**40,457**	29,162
Profit (loss) for the period attributable to:			
Owners of the Company		**36,664**	31,860
Non-controlling interests		**64**	(196)
		36,728	31,664
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**40,359**	29,395
Non-controlling interests		**98**	(233)
		40,457	29,162
Earnings per share			
Basic	*8*	**HK14 cents**	HK12 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2017

	NOTES	**30.9.2017** **HK$'000** **(unaudited)**	31.3.2017 *HK$'000* (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**268,164**	269,182
Prepaid lease payments		**3,086**	3,132
Investment properties		**7,113**	6,898
Deposit paid for acquisition of property, plant and equipment		**2,936**	1,935
Deferred tax assets		**1,245**	1,245
		282,544	282,392
CURRENT ASSETS			
Inventories		**108,872**	111,465
Trade and other receivables	*9*	**300,073**	289,322
Prepaid lease payments		**91**	91
Derivative financial instruments		**43**	4
Tax recoverable		**19**	11
Bank balances and cash		**427,707**	426,916
		836,805	827,809
CURRENT LIABILITIES			
Trade and other payables	*10*	**178,972**	168,305
Derivative financial instruments		**437**	–
Tax payable		**16,587**	9,072
		195,996	177,377
NET CURRENT ASSETS		**640,809**	650,432
		923,353	932,824
CAPITAL AND RESERVES			
Share capital		**26,278**	26,278
Share premium and reserves		**896,527**	906,096
Equity attributable to owners of the Company		**922,805**	932,374
Non-controlling interests		**(128)**	(226)
		922,677	932,148
NON-CURRENT LIABILITY			
Deferred tax liabilities		**676**	676
		923,353	932,824

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

1. BASIS OF PREPARATION

The condensed consolidated financial statements of Sun Hing Vision Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") 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 financial instruments, which are measured at fair values, as appropriate.

Excepted as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2017.

In the current period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of Annual Improvements to HKFRSs 2014–2016 Cycle

AMENDMENTS TO HKAS 7 "DISCLOSURE INITIATIVE"

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specially, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

The adoption has no impact on these condensed consolidated financial statements but will result in relevant disclosures in the Group's annual consolidated financial statements for the year ending 31 March 2018.

The application of the other amendments to HKFRSs in the current interim period has had no material effect on the amounts reported 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 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 is arising from manufacturing and sales of eyewear products.

5. INCOME TAX EXPENSE

	Six months ended	
	30.9.2017	30.9.2016
	HK$'000	*HK$'000*
The charge comprises:		
Current year		
Hong Kong Profits Tax	**7,404**	4,896
People's Republic of China ("PRC") Enterprise Income Tax	**880**	815
	8,284	5,711
Overprovision in prior years		
PRC Enterprise Income Tax	**–**	(833)
	8,284	4,878

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits 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 taxation in any other jurisdictions in which the Group operates for both periods.

6. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2017	30.9.2016
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging (crediting):		
Impairment losses (reversed) recognised on trade receivables, net	**(330)**	241
Depreciation of property, plant and equipment	**24,951**	25,724
Depreciation of investment properties	**75**	–
(Gain) loss on disposals of property, plant and equipment	**(203)**	239
Employee benefits expenses	**211,179**	210,756
Net foreign exchange losses	**2,192**	2,031
Fair value changes on derivative financial instruments	**(398)**	135
Release of prepaid lease payments	**46**	46
Write-down of inventories	**1,832**	1,047

7. DIVIDENDS

During the period, a final dividend in respect of the year ended 31 March 2017 of HK10.0 cents per share and a special dividend of HK9.0 cents per share amounting to approximately HK$49,928,000 in total (six months ended 30 September 2016: final dividend in respect of the year ended 31 March 2016 of HK10.0 cents per share and a special dividend of HK7.0 cents per share amounting to approximately HK$44,672,000 in total) were paid to shareholders.

Subsequent to 30 September 2017, 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 2018 (2016: an interim dividend of HK4.5 cents per share and a special dividend of HK1.5 cents per share in respect of the year ended 31 March 2017 amounting to approximately HK$15,767,000 in total) will be paid to the shareholders of the Company whose names appear in the Register of Members on 22 December 2017.

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	
	30.9.2017	30.9.2016
	HK$'000	*HK$'000*
Earnings		
Earnings attributable to the owners of the Company for the purpose of basic earnings per share	**36,664**	31,860
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 during 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:

	30.9.2017	31.3.2017
	HK$'000	*HK$'000*
Trade receivables		
Current	**271,163**	266,362
Overdue up to 90 days	**18,417**	11,712
Overdue more than 90 days	**1,369**	1,555
	290,949	279,629
Prepayments	**2,813**	3,568
Deposits	**4,053**	3,438
Other receivables	**1,366**	2,176
Amounts due from entities controlled by a non-controlling shareholder of a subsidiary *(Note)*	**826**	367
Amount due from a non-controlling shareholder of a subsidiary *(Note)*	**66**	144
Trade and other receivables	**300,073**	289,322

Note: The amounts are unsecured, interest-free and repayable on demand.

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:

	30.9.2017	31.3.2017
	HK$'000	*HK$'000*
Trade payables		
Current and overdue up to 90 days	**84,685**	79,229
Overdue more than 90 days	**15,974**	14,434
	100,659	93,663
Accruals	**68,957**	65,590
Amounts due to entities controlled by a non-controlling shareholder of a subsidiary *(Note)*	**248**	239
Other payables	**9,108**	8,813
	178,972	168,305

Note: The amounts are unsecured, interest-free and repayable on demand.

INTERIM DIVIDEND AND INTERIM SPECIAL DIVIDEND

The Directors have resolved to declare an interim dividend of HK4.5 cents per share and an interim special dividend of HK1.5 cents per share for the six months ended 30 September 2017 (2016: HK4.5 cents and HK1.5 cent). The interim dividend and interim special dividend will be payable on or about 10 January 2018 to the shareholders whose names appear on the register of members of the Company at the close of trading on 22 December 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 19 December 2017 to 22 December 2017, 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, Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on 18 December 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The business environment continued to be challenging and the market demand for the Group's eyewear products slowed down during the period under review. For the six months ended 30 September 2017, the Group's consolidated turnover decreased by 2.39% to HK$515 million (2016: HK$528 million). In spite of the challenging environment, the profitability of the Group improved due to the following factors. First of all, the Group continued to optimize its product mix by placing more focus on items that contributed to the Group with higher margins. Besides, the Group achieved efficiency gains from various operation enhancement projects that had been carried out since the previous fiscal years. Moreover, the Group imposed prudent control on costs and expenditures. Resources were employed in a cautious manner to ensure that they were justified for providing the Group with reasonable returns and benefits. In addition, the Renminbi was generally weaker against the US dollars in the first half of the current fiscal year than the corresponding period in the preceding fiscal year. As a result, the Group was able to manage its gross profit margin and net profit margin at 25.34% (2016: 23.41%) and 7.13% (2016: 6.00%) respectively. For the six months ended 30 September 2017, the Group's profit attributable to the owners of the Company increased by 15.08% to HK$37 million (2016: HK$32 million). Accordingly, basic earnings per share increased to HK14 cents (2016: HK12 cents).

The ODM Business

Original design manufacturing ("ODM") business accounted for 82% of the Group's total consolidated turnover. During the period under review, the Group's ODM turnover decreased by 6.65% to HK$421 million (2016: HK$451 million). It was because some of the Group's customers from Europe and United States turned to hold a relatively cautious view for the 2017 market demand outlook for eyewear products. They adopted prudent sales forecasts and were concerned about the risks of overstocking. In terms of geographical allocation, the Group's ODM turnover to Europe decreased by 1.14% to HK$261 million (2016: HK$264 million), while that to the United States decreased by 17.24% to HK$144 million (2016: HK$174 million). The Group recorded a stable product mix during the review period. Sales of plastic frames, metal frames and others accounted 53%, 46% and 1% (2016: 54%, 45% and 1%) of the Group's ODM turnover respectively.

The Branded Eyewear Distribution Business

Branded eyewear distribution business accounted for 18% of the Group's total consolidated turnover. For the six months ended 30 September 2017, the Group's turnover from branded eyewear distribution business increased by 22.08% to HK$94 million (2016: HK$77 million). Such remarkable growth was a result of the expansion of the Group's distribution network in China. Besides, since the fourth quarter of 2016/17 fiscal year, the Group has started to deliver eyewear products for its newly obtained licensing brand, agnès b. The agnès b. eyewear collection received very positive market response and contributed to the Group with a new source of income during the review period. Asia continued to be the largest market of the Group's branded eyewear distribution business. The Group recorded a 30.00% growth in its distribution turnover to Asia, which reached an amount of HK$91 million (2016: HK$70 million) for the six months ended 30 September 2017. Within Asia, China and Japan continued to be the top performing countries that contributed 52% and 21% of the Group's total distribution turnover respectively.

LIQUIDITY AND CAPITAL RESOURCES

The Group continued to maintain a strong liquidity and financial position. As at 30 September 2017, it held a cash and bank balance of HK$428 million and did not have any bank borrowings. Net cash inflow from operation amounted to HK$73 million during the six months ended 30 September 2017. The Group will continue to manage its cash flow with prudence, without compromising the needs to invest in carefully selected assets and business opportunities that are strategically important for the Group's long term growth.

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 2017. 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 2017, the net current assets and current ratio of the Group were approximately HK$641 million and 4.3:1 respectively. The total equity attributable to owners of the Company decreased to HK$923 million as at 30 September 2017 from HK$932 million as at 31 March 2017 after the payment of the final and final special dividend for the preceding fiscal year. The Group closely monitored its receivable collection status and imposed an effective control on inventory. Accordingly, debtor turnover period and inventory turnover period were managed at a level of 103 days and 52 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 needs.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Acquisition of Properties

Subsequent to the end of the current interim period, the Group entered into a preliminary sale and purchase agreement to acquire properties with a cash consideration of HK$120,290,000. Details of the acquisition were disclosed in a separate announcement of the Company dated 13 November 2017.

PROSPECTS

The business environment for the second half of the current fiscal year is expected to be tough. The market demand will continue to be volatile due to customers' general prudence for order placement and inventory management as a result of their relatively pessimistic views about the upcoming market demand. Besides, the Renminbi has steadily appreciated against the US dollars since the first quarter of 2017 and that, together with other increases in operating costs in China, will certainly result in higher cost pressure on the Group in the second half of the current fiscal year.

To respond to the challenges ahead, the Group will continue to enhance its efficiency by increasing the depth and scope of the operation enhancement projects now in progress. Those projects have the aims to shorten the Group's operation lead time, strengthen product development process and improve product quality. Meanwhile, the Group's various cross-functional teams will continue to periodically review the Group's operation in order to explore rooms for further efficiency gain and to ensure that the Group is operated in a way that aligns with the fast-changing business environment.

The Group recognizes each customer as its long-term partner to achieve business success. For this reason, the Group will continue to integrate into its customers' supply chains with an aim to acquire synergy and create mutual values. The Group will further upgrade its design and service capacities in order to effectively deliver comprehensive client-oriented product solutions to customers and provide them with the best experience.

For the branded eyewear distribution business, the Group intends to expand its distribution network in Asia, especially China, which is a market being strategically important to drive the Group's future growth. The Group will not stop seeking for long term partners in distribution which can strengthen its sales base and widen its business scope. Besides, the Group's brand portfolio will be continuously optimized, consolidated and refreshed. The Group will maximize the values of its brand assets by utilizing them to enlarge the Group's existing product ranges and explore new business opportunities.

The Group will continue to maintain a strong balance sheet, and at the same time will take care of the needs to invest in the future. Investments will be made to automate and upgrade the production facilities in order to increase efficiency and reduce the reliance on manual labour. The Group will continue to invest in its distribution business for branded eyewear products, which is becoming a more important driver for its growth. Business plan and corporate strategy will be periodically reviewed and refined on an ongoing basis to ensure sufficient resources can be reserved for the Group's future development. The Group will keep on exploring opportunities in assets and businesses that can help the Group to achieve sustainable long-term growth.

Looking forward, the business environment will be challenging in the period ahead. Levering on our vision and strategy and supported by the measures that we are going to carry out, we are confident that we can overcome such challenges, 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 enhance 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 the Corporate Governance Report contained in Appendix 14 of the Listing Rules which were effective during the reporting period, 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, internal control and risk management 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 2017 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 2017.

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, 24 November 2017

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Ku Ngai Yung, Otis, Mr. Ku Ka Yung, 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.