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

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

(Incorporated in Bermuda with limited liability)

(Stock Code: 125)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

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 2015, 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 2015

		Six months ended	
		30.9.2015	30.9.2014
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*3*	**532,970**	600,967
Cost of sales		**(417,836)**	(487,017)
Gross profit		**115,134**	113,950
Bank interest income		**817**	1,733
Other income, gains and losses		**(2,646)**	74
Selling and distribution costs		**(12,750)**	(10,664)
Administrative expenses		**(68,558)**	(65,993)
Profit before tax		**31,997**	39,100
Income tax expense	*5*	**(3,249)**	(6,079)
Profit for the period	*6*	**28,748**	33,021
Other comprehensive (expense) income			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(1,630)**	347
Total comprehensive income for the period		**27,118**	33,368
Profit (loss) for the period attributable to:			
Owners of the Company		**29,361**	33,021
Non-controlling interests		**(613)**	–
		28,748	33,021
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**27,761**	33,368
Non-controlling interests		**(643)**	–
		27,118	33,368
Earnings per share			
Basic	*8*	**HK11 cents**	HK13 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2015

	NOTES	**30.9.2015** *HK$'000* **(unaudited)**	31.3.2015 *HK$'000* (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**293,454**	299,706
Prepaid lease payments		**3,268**	3,314
Deposit paid for acquisition of property, plant and equipment		**8,127**	1,876
Deferred tax assets		**536**	536
		305,385	305,432
CURRENT ASSETS			
Inventories		**158,767**	153,450
Trade and other receivables	*9*	**295,270**	325,182
Prepaid lease payments		**91**	91
Derivative financial instruments		**13**	747
Tax recoverable		**83**	59
Bank balances and cash		**387,806**	379,142
		842,030	858,671
CURRENT LIABILITIES			
Trade and other payables	*10*	**191,889**	189,068
Derivative financial instruments		**1,404**	53
Tax payable		**14,374**	12,424
		207,667	201,545
NET CURRENT ASSETS		**634,363**	657,126
		939,748	962,558
CAPITAL AND RESERVES			
Share capital		**26,278**	26,278
Share premium and reserves		**908,788**	930,955
Equity attributable to owners of the Company		**935,066**	957,233
Non-controlling interests		**469**	1,112
		935,535	958,345
NON-CURRENT LIABILITY			
Deferred tax liabilities		**4,213**	4,213
		939,748	962,558

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

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 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2015.

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 19	Defined benefits plans: Employee contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle

The application of the above amendments to 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 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	
	30.9.2015	30.9.2014
	HK$'000	*HK$'000*
The charge comprises:		
Current year		
Hong Kong Profits Tax	**6,348**	4,072
People's Republic of China ("PRC") Enterprise Income Tax	**100**	2,007
	6,448	6,079
Overprovision in prior years		
PRC Enterprise Income Tax	**(3,199)**	–
	3,249	6,079

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 taxation in any other jurisdictions in which the Group operates for both periods.

6. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2015	30.9.2014
	HK$'000	*HK$'000*
Profit for the period has been arrived at after charging (crediting):		
Impairment losses reversed on trade receivables, net	**(246)**	(770)
Depreciation of property, plant and equipment	**25,350**	25,975
Gain on disposals of property, plant and equipment	**(137)**	–
Employee benefits expenses	**204,575**	220,610
Net foreign exchange losses	**834**	5,908
Fair value changes on derivative financial instruments	**2,085**	(4,800)
Release of prepaid lease payments	**46**	46
Write-down of inventories	**19,916**	3,166

7. DIVIDENDS

During the period, a final dividend in respect of the year ended 31 March 2015 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 2014: 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) were paid to shareholders.

Subsequent to 30 September 2015, 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 2016 (2014: 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 2015 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 28 December 2015.

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	
	30.9.2015	30.9.2014
	HK$'000	*HK$'000*
Earnings		
Earnings attributable to the owners of the Company for the purpose of basic earnings per share	**29,361**	33,021
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:

	30.9.2015	31.3.2015
	HK$'000	*HK$'000*
Trade receivables		
Current	**255,982**	278,812
Overdue up to 90 days	**15,926**	26,236
Overdue more than 90 days	**8,056**	7,171
	279,964	312,219
Prepayments	**11,505**	6,620
Deposits	**2,491**	3,702
Other receivables	**1,310**	2,641
Trade and other receivables	**295,270**	325,182

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:

	30.9.2015	31.3.2015
	HK$'000	*HK$'000*
Trade payables		
Current and overdue up to 90 days	**105,712**	80,936
Overdue more than 90 days	**11,315**	29,885
	117,027	110,821
Accruals	**65,337**	66,623
Amount due to an entity controlled by non-controlling interests *(Note)*	**114**	46
Amount due to a non-controlling shareholder of a subsidiary *(Note)*	**–**	309
Other payables	**9,411**	11,269
Trade and other payables	**191,889**	189,068

Note: The amounts were 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 HK1.0 cent per share for the six months ended 30 September 2015 (2014: HK4.5 cents and HK1.5 cents). The interim dividend and interim special dividend will be payable on or about 13 January 2016 to the shareholders whose names appear on the register of members of the Company at the close of trading on 28 December 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 18 December 2015 to 28 December 2015, 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, A18/F, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not later than 4:00 p.m. on 17 December 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The market demand for the Group's eyewear products slowed down during the period under review. As a result, the turnover of the Group decreased by 11.31% to HK$533 million (2014: HK$601 million) as compared to the same period of the last fiscal year. The decrease in turnover, together with the rising operating costs in China, adversely affected the Group's net profit. For the six months ended 30 September 2015, the Group recorded a decrease in profit attributable to the owners of the Company by 11.08% to HK$29 million (2014: HK$33 million). Accordingly, basic earnings per share decreased to HK11 cents (2014: HK13 cents).

The operating environment continued to be challenging. The production costs of the Group significantly increased due to the upward adjustment of the statutory minimum wages in Guangdong province, where the Group's production facilities are located. In May 2015, the Chinese government increased the statutory minimum wages in Dongguan and Heyuan city by 15% and 20% respectively. The substantial increase in labor costs imposed severe pressure on the Group's operation. Nevertheless, the Group was able to obtain efficiency gains from a number of specialty projects carried out to streamline its operation. Meanwhile, the depreciation of Renminbi in the second quarter of 2015/16 fiscal year and the modest adjustment in our product prices offset part of the negative cost impact from wage increase. The Group was able to manage its gross profit margin and net profit margin at 21.60% (2014: 18.96%) and 5.39% (2014: 5.49%) respectively.

The ODM Business

The Group's original design manufacturing ("ODM") turnover decreased by 14.69% to HK$453 million (2014: HK$531 million) for the six months ended 30 September 2015, which represented 85% of the Group's total consolidated turnover. The decline in turnover was partly caused by the decrease of market demand in Europe as a result of the relatively weak European economy as well as the strong U.S. dollar environment. During the period under review, the Group's ODM turnover to Europe decreased by 11.55% to HK$268 million (2014: HK$303 million). Meanwhile, the economy of the United States did not recover in expected pace. In view of the market uncertainty, customers from United States were still very cautious in managing their own inventories and placing orders. As a result, the Group's ODM turnover to United States decreased by 23.08% to HK$160 million (2014: HK$208 million). In terms of geographical allocation, Europe and United States continued to be the two largest markets of the Group, and accounted for 59% and 35% (2014: 57% and 39%) of the Group's ODM turnover respectively. In terms of product mix, sales of plastic frames, metal frames and others accounted 57%, 42% and 1% (2014: 58%, 40% and 2%) of the Group's ODM turnover respectively.

The Branded Eyewear Distribution Business

For the six month ended 30 September 2015, the Group's branded eyewear distribution turnover increased by 14.29% to HK$80 million (2014: HK$70 million), which represented 15% of the Group's total consolidated turnover. The increase in turnover was mainly caused by the expansion of the Group's distribution network in China. At the same time, the market demand from other Asian countries was sluggish as a result of the strong U.S. dollar environment, but the Group was still able to maintain a stable turnover from those countries. As a combined effect of the above, the Group's distribution turnover to Asia increased by 18.97% to HK$69 million (2014: HK$58 million), which accounted for 87% of the Group's total distribution turnover. Asia was the largest market of the Group.

LIQUIDITY AND CAPITAL RESOURCES

The Group continued to maintain a strong liquidity and financial position. It held a cash and bank balance of HK$388 million as at 30 September 2015 and did not have any bank borrowings throughout the period. Net cash inflow from operation amounted to HK$83 million during the six months ended 30 September 2015. The Group will continue to cautiously manage its cashflow, without compromising the needs to invest in the strategically important assets and business opportunities that will drive 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 HK1.0 cent per share on the top of the interim dividend of HK4.5 cents per share for the six months ended 30 September 2015. 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 2015, the net current assets and current ratio of the Group were approximately HK$634 million and 4.1:1 respectively. The total equity attributable to owners of the Company decreased to HK$935 million as at 30 September 2015 from HK$957 million as at 31 March 2015 as a result of payment of final dividend for the last fiscal year. The Group effectively managed its working capital by closely monitoring its inventories and its debt collection status. Debtor turnover period and inventory turnover period were maintained at a level of 96 days and 69 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 business environment is expected to be very challenging in the second half of the current fiscal year. Although the recent depreciation of Renminbi has eased some of the Group's cost pressure, the general operating costs, especially labor wages, remain high in China. There are also signs indicating that interest rate of U.S. dollar may increase in the coming months and the Euro zone may further expand its quantitative easing monetary policy in a short time. As a result, the strong U.S. dollar environment will probably persist and further undermine the market demand for eyewear products from European and Asian countries, where the Group's major source of ODM and distribution turnover come from.

The Group has prepared ahead for the coming challenges. We believe that continuous efficiency improvement along side with a low cost footprint for operation will help us survive even the toughest business environment. To achieve this aim, we will continue to carry out projects, through our cross-functional teams, to re-engineer the production processes, improve moulds and tools, reduce material consumption, shorten service and production lead time as well as improve product quality. Meanwhile, we will closely monitor our working capital and implement effective budgetary control to ensure that resources are spent in the most cost-effective manner. We will not, however, stop at making investment on assets which can enhance the Group's operation in long run. We will also explore business opportunities which is strategically important for the Group's future development.

For ODM business, we will continue to maintain a flexible production capacity so that we can swiftly react to any change in market demand caused by the volatile economy. Furthermore, we will focus to strengthen our partnership with existing major customers, in order to establish a long standing and sustainable relationship that creates mutual benefits and synergy. For the distribution business, we will optimize our brand portfolio and align our product design to the taste and unique preference of each specific market. We will further widen our sales network for branded products through exploring new geographical market, consolidating our customer portfolio and utilizing the ecommerce platform for distribution.

We foresee that the business environment will stay tough in the period to come. Levering on our core competence and the actions that we are going to take, we are confident that we can overcome the 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 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 2015 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 2015.

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 2015

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.