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 2008

OPERATING RESULTS

The Board of Directors (the "Board") of Sun Hing Vision Group Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2008, together with the comparative figures for the corresponding previous period as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30 September 2008

	NOTES	Six months ended **30.9.2008 HK$'000 (unaudited)**	30.9.2007 HK$'000 (unaudited)
Revenue	3	**559,033**	534,843
Cost of sales		**(417,869)**	(382,272)
Gross profit		**141,164**	152,571
Bank interest income		**2,237**	3,690
Other income		**1,474**	663
Selling and distribution costs		**(12,161)**	(10,554)
Administrative expenses		**(66,807)**	(65,872)
Profit before taxation		**65,907**	80,498
Taxation	4	**(5,437)**	(8,059)
Profit for the period	5	**60,470**	72,439
Dividend	6	**34,161**	31,533
Earnings per share	7		
Basic		**HK23 cents**	HK28 cents
Diluted		**N/A**	HK28 cents

* *For identification purpose only*

CONDENSED CONSOLIDATED BALANCE SHEET

at 30 September 2008

	30.9.2008 HK$'000 (unaudited)	31.3.2008 HK$'000 (audited)
NON-CURRENT ASSETS		
Property, plant and equipment	**282,609**	266,642
Prepaid lease payments	**3,908**	3,955
Time deposit	**11,700**	11,700
	298,217	282,297
CURRENT ASSETS		
Inventories	**183,181**	172,552
Trade and other receivables	**278,984**	258,341
Prepaid lease payments	**91**	91
Bank balances and cash	**243,599**	222,166
	705,855	653,150
CURRENT LIABILITIES		
Trade and other payables	**221,968**	185,089
Tax liabilities	**6,745**	1,308
	228,713	186,397
NET CURRENT ASSETS	**477,142**	466,753
	775,359	749,050
CAPITAL AND RESERVES		
Share capital	**26,278**	26,278
Reserves	**742,118**	715,809
	768,396	742,087
NON-CURRENT LIABILITY		
Deferred tax liabilities	**6,963**	6,963
	775,359	749,050

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 September 2008

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2008.

In the current interim period, the Group has applied, for the first time, the following new standard and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2008.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKAS 39 (Amendment)	Eligible Hedged Items[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[4]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[5]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2009
3 Effective for annual periods beginning on or after 1 July 2009
4 Effective for annual periods beginning on or after 1 July 2008
5 Effective for annual periods beginning on or after 1 October 2008

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The directors of the Company anticipate that the application of these new or revised standards or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENTAL INFORMATION

Business Segments

The Group is principally engaged in the design, manufacture and sales of optical products. No business segment analysis is presented as management considers this as one single business segment.

Geographical Segments

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

	Six months ended			
	30.9.2008		30.9.2007	
	Revenue HK$'000	**Results HK$'000**	Revenue HK$'000	Results HK$'000
Europe	**257,691**	**44,140**	257,672	50,552
United States	**237,512**	**41,767**	220,728	46,993
Asia	**45,726**	**4,582**	46,228	3,825
Others	**18,104**	**2,158**	10,215	1,229
	559,033	**92,647**	534,843	102,599
Unallocated corporate income		**2,865**		4,353
Unallocated corporate expenses		**(29,605)**		(26,454)
Profit before taxation		**65,907**		80,498
Taxation		**(5,437)**		(8,059)
Profit for the period		**60,470**		72,439

Approximately 90% of the segment information for the Europe segment of the Group is contributed by Italy for both periods.

4. TAXATION

	Six months ended	
	30.9.2008	30.9.2007
	HK$'000	HK$'000
Hong Kong Profits Tax	**5,437**	8,059

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2007: 17.5%) of the estimated assessable profit for the period.

A portion of the Group's profits neither arises in, nor is derived from, Hong Kong. Accordingly, that portion of the Group's profit is not subject to Hong Kong Profits Tax. Further, in the opinion of the directors, that portion of the Group's profit is not subject to taxation in any other jurisdictions in which the Group operates.

5. PROFIT FOR THE PERIOD

	Six months ended	
	30.9.2008	30.9.2007
	HK$'000	HK$'000
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	**23,972**	21,461
Release of prepaid lease payments	**47**	47

6. DIVIDEND

On 19 September 2008, the final dividend in respect of the year ended 31 March 2008 of HK10 cents per share and a special dividend of HK3 cents per share amounting to approximately HK$34,161,000 in total (six months ended 30 September 2007: final dividend in respect of the year ended 31 March 2007 of HK10 cents per share and a special dividend of HK2 cents per share amounting to approximately HK$31,533,000 in total) was paid to shareholders.

Subsequent to 30 September 2008, 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 2009 (2008: an interim dividend in respect of the year ended 31 March 2008 of HK4.5 cents per share and a special dividend of HK2.8 cents per share amounting to approximately HK$19,183,000 in total) will be paid to the shareholders of the Company whose names appear in the Register of Members on 15 January 2009.

7. EARNINGS PER SHARE

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

	Six months ended	
	30.9.2008	30.9.2007
	HK$'000	HK$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**60,470**	72,439
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**262,778,286**	262,778,286
Effect of dilutive potential ordinary shares:		
– Share options	**–**	60,465
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**262,778,286**	262,838,751

Diluted earning per share is not presented for the six month ended 30 September 2008 as the exercise price of the outstanding share options is higher than the average market price for shares.

INTERIM AND SPECIAL DIVIDENDS

The Board has resolved to declare an interim dividend of HK4.5 cents and an interim special dividend of HK1.5 cents per share for the six months ended 30 September 2008 (2007: HK4.5 cents and HK2.8 cents). The interim dividend and interim special dividend will be payable on or about 13 February 2009 to the shareholders whose names appear on the register of members of the Company at the close of trading on 15 January 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 13 January 2009 to 15 January 2009, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed interim dividend and interim special dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on 12 January 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period under review, the Group recorded a moderate growth in its turnover by 5% to HK$559 million (2007: HK$535 million). The macroeconomic environment continued to be challenging and unpredictable. The difficult operating environment for manufacturing companies in China persisted during the period under review. The Group's profitability was adversely affected by the rapid and substantial increase in raw material costs, energy prices and continuous appreciation of Renminbi during the period under review. In addition, due to the tight labour supply and implementation of the new labour laws in China, labour costs have increased substantially. As a result, for the six months ended 30 September 2008, the net profit of the Group decreased by 17% to HK$60 million (2007: HK$72 million). Basic earnings per share also decreased by 17% to HK23 cents.

During the six months ended 30 September 2008, the demand for the Group's products remained stable for both of its original design manufacturing (ODM) business and branded eyewear distribution business. The branded eyewear distribution business grew at a relatively faster pace whereas the ODM business continued to grow steadily and contributed to a major part of the Group's turnover during the period under review. The ODM business and the branded eyewear distribution business accounted for 86% and 14% of the Group's turnover respectively (2007: 87% and 13%).

Due to the severe cost pressure mentioned above, despite the proactive improvement measures undertaken by the Group in enhancing its operational efficiency and achieving cost savings, the Group's gross profit margin percentage decreased to approximately 25% during the period under review (2007: 29%).

THE ODM BUSINESS

During the period under review, the Group recorded a steady growth in its ODM turnover by 4% to HK$481 million (2007: HK$464 million). With the help of advanced manufacturing technologies and its strong design capability, the Group was able to design, develop and produce unique, stylish and high-quality eyewear products that exceed customers' expectations. Sales of metal frames, plastic frames and other spare parts accounted for 65%, 34% and 1% respectively of the Group's ODM turnover during the period under review (2007: 60%, 39% and 1%).

The Group's ODM turnover to Europe was relatively stable at HK$252 million (2007: HK$254 million), while sales to the United States increased steadily by 5% to HK$218 million (2007: HK$207 million). Due to its premium product quality, enhanced strength in product development and order fulfillment capability, the Group was able to acquire more orders from its ODM customers. Europe and the United States remained as the major markets of the Group's products and accounted for 53% and 45% (2007: 55% and 44%) of the Group's turnover of its ODM business respectively.

THE BRANDED EYEWEAR DISTRIBUTION BUSINESS

Turnover contributed by the Group's branded eyewear distribution business increased by 10% to HK$78 million (2007: HK$71 million). This encouraging performance is attributed to the increasing popularity of eyewear collections for both of our existing licensed brands and the in-house fashion brand "PUBLIC+" during the period under review. Asia continued to be the major market of the Group's branded eyewear distribution business and accounted for 51% of the Group's distribution turnover (2007: 61%). The Group has further expanded into new and emerging markets to drive the growth of the branded eyewear distribution business during the period under review.

LIQUIDITY AND CAPITAL RESOURCES

During the period under review, the Group continued to maintain strong cash inflow from operations through continuous efforts to enhance working capital management. Net operating cash inflow amounted to HK$96 million during the period under review. As at 30 September 2008, net current assets and current ratio of the Group were approximately HK$477 million and 3.1: 1 respectively. As at 30 September 2008, the Group had time deposits as well as bank and cash balance amounting to HK$255 million and did not have any bank borrowings. The total shareholders' equity of the Group increased to HK$768 million as at 30 September 2008 from HK$742 million at 31 March 2008. During the period under review, inventory turnover period and debtor turnover period were 80 days and 89 days respectively, which were relatively stable as compared to those of the same period in the preceding year and the financial year ended 31 March 2008. The Directors are confident that the financial position of the Group will remain strong, and the Group has sufficient liquidity and financial resources to meet its present commitments and future expansion plans.

Backed by 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 2008. Given the deteriorating macroeconomic environment under the current financial crisis, the Directors will monitor the dividend policy closely with great prudence 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.

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

At 30 September 2008, the Company guaranteed the bank facilities of its subsidiaries amounting to approximately HK$92 million (2007: HK$92 million), and none of the above-mentioned bank facilities were utilized.

PROSPECTS

The Directors expect to face continuous challenges and difficulties as a result of the current financial tsunami, which is unprecedented in both the magnitude and the speed of deterioration in the economy. The recession in Europe and the United States, as well as the reduced growth expectations in the Asian markets have started to cause negative market sentiments. While the outcome of the current financial crisis is difficult to predict, the impact from the fall in consumer confidence and demand in the global market is expected to materialize in the short run. It is expected that the Group will be inevitably and adversely affected.

The Group is now taking serious steps and measures to better equip itself to handle this unprecedented challenge through close monitoring on the financial outlook of the customers and suppliers, improved credit and receivables collection control procedures as well as strengthened cashflow management. In order to alleviate the negative impact from the slowdown in sales growth and to maintain stable profitability, the Group continues to focus on enhancing production efficiency, tightening cost controls and rationalising operational procedures. Any capital expenditure expansion will be executed in a cautious and prudent manner.

In the longer term, the reduction in demand will accelerate market consolidation. This will be beneficial to the Group as one of the strongest players in the market, who is able to gain larger market share from the customers by winning over weaker competitors. The Group is well-prepared to manage the current financial crisis with its solid financial position, effective cost control as well as strong customer and supplier networks, becoming a much stronger and healthier entity to take full advantage of the market recovery that will arrive afterwards. The Directors are confident of the long term prospects of the Group's ODM business despite the short term difficulties.

The Directors are cautious about the performance of the branded eyewear distribution business given the deteriorating market situation. The Group is actively seeking opportunities to expand the geographical coverage of the eyewear collections under its brand portfolio. Different distribution strategies and cooperation arrangement are being employed to increase the market penetration of the Group's branded products in each major market. The Group is working closely with its licensing and distribution partners to tactfully adjust its brand position and sales mix strategies in different regions to cater for the most recent market situation. Through the launching of unique and high quality products and reallocating resources on selected brands with prominent growth potential, the Directors believe that the Group can further enhance its reputation and establish a stronger foundation to support the continuous development of the branded eyewear distribution business.

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance with a view to enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Board is of the view that the Company has met the code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules, except for deviations from code provision A.2.1 of the CG Code only. This code provision stipulates that the roles of the Chairman and the Chief Executive Officer should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and the Chief Executive

Officer should be clearly established and set out in writing. Mr. Ku Ngai Yung, Otis has been assuming the roles of both the Chairman and the Chief Executive Officer of the Company since its establishment. The Board intends to maintain this structure in the future as it believes that it would provide the Group with strong and consistent leadership and allow the Group's business operations, planning and decision making as well as execution of long-term business strategies to be carried out more effectively and efficiently.

AUDIT COMMITTEE

An audit committee has been established by the Company to act in an advisory capacity and to make recommendations to the Board. The members of the audit committee comprise the three independent non-executive directors of the Company, who are Mr. Lo Wa Kei, Roy (Chairman), Mr. Lee Kwong Yiu and Mr. Wong Che Man, Eddy. The audit committee has adopted the principles set out in the CG Code. The duties of the audit committee include review of the interim and annual reports of the Company as well as various auditing, financial reporting and internal control matters with the management and/or external auditors of the Company. The Group's unaudited financial statements for the six months ended 30 September 2008 have been reviewed by the audit committee together with the Company's external auditor Deloitte Touche Tohmatsu.

REMUNERATION COMMITTEE

A remuneration committee was established in September 2005 and currently comprises Mr. Lee Kwong Yiu (Chairman), Mr. Lo Wa Kei, Roy and Mr. Wong Che Man, Eddy, all of whom are independent non-executive directors, as well as the human resources manager of the Group. The duties of the remuneration committee include the determination of remuneration of executive directors and review of the remuneration policy of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors (the "Code"). Having made specific enquiry of the Directors, all the Directors confirmed that they had complied with the required standards as set out in the Code for the six months ended 30 September 2008.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

APPRECIATION

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

On behalf of the Board
Ku Ngai Yung, Otis
Chairman

Hong Kong, 17 December 2008

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