LETTER TO SHAREHOLDERS

We are pleased to announce the results of the fourth full year of Sun Hing Vision Group Holdings Limited (the "Company") and its subsidiaries (the "Group") following our listing in May 1999. During the year under review, we continued to achieve record turnover and profit in a year where the global economy experienced high levels of economic and political instability.

RESULTS

For the year ended March 31, 2003, the Group had record performance in terms of turnover and profit attributable to shareholders. The Group's consolidated turnover and profit attributable to shareholders increased by 34% and 19% to HK$471 million and HK$90 million respectively. This marks the eighth consecutive year of encouraging consecutive growth for turnover and profit for the Group since 1996. Basic earnings per share increased by 5% only to HK39 cents due to the dilution effects of the exercise of bonus warrants by the warrantholders during the year.

DIVIDENDS

The Directors have resolved to recommend a final dividend of HK8 cents per share at the forthcoming annual general meeting to shareholders whose names appear on the register of members on September 4, 2003. This final dividend, together with the interim dividend of HK4 cents per share and the interim special dividend of HK2 cents per share, represents a total dividend of HK14 cents per share (2002: HK10.8 cents) for the year, an increase of about 30% over last year. The final dividend is expected to be paid on or about September 29, 2003.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from September 2, 2003 to September 4, 2003, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Secretaries Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on September 1, 2003.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

General business environment continued to be unfavorable during 2002. However, the Group's operating performance remained strong during the year under review, due to the expansion of its original design manufacturing (ODM) business as well as the steady growth of its distribution business for licensed branded products. The ODM business continued to be the core contributor of the Group's business. The ODM business and the distribution business for licensed branded products accounted for 90% and 10% of the Group's turnover respectively.

During the year under review, the contribution from the increase in turnover was however partly offset by the higher raw material costs due to the depreciation of the United States dollar against the Euro and the increased benefits provided to customers given the adverse economic environment. Despite the various unfavorable factors mentioned above, the Group managed to alleviate the impact by stringent cost control measures and the introduction of innovative products that could command higher margin.

Expansion in the ODM Business

Turnover to the Group's ODM customers increased by 37% to HK$423 million. During the period under review, the ODM turnover to the United States and Europe increased significantly by 33% and 59% respectively. United States and Europe continued to be the major markets of the Group's products and accounted for 56% and 40% (2002: 58% and 35%) of the Group's turnover of its ODM business respectively. The Group's consistent and superior performance in terms of product development and quality continues to attract new business from the best eyewear customers in the world.

It should also be noted that during the second half of the fiscal year, while the Group's pace of growth of its ODM business in the United States slowed, its ODM growth in Europe actually widened to 63% for the second half of the fiscal year from 53% for the first half of the fiscal year. The Group's proportion of sales to Europe has become more significant gradually.

Steady Growth in the Distribution for Licensed Branded Products

Turnover contributed by the Group's distribution business increased by 11% to HK$47 million. The pace of growth of distribution business slowed down in the second half of the fiscal year. January to March of each year are traditionally the strongest selling months for the distribution business. However, due to the crisis in the Middle East and the poor macroeconomic environment, the performance of these traditional strong months were adversely affected. In addition, the stronger growth in the first half-year, when compared with the corresponding period of the preceding year, represents the effect of two new brands launched in the second half of the preceding year. The second half of the fiscal year under review did not have the growth from new brands as the brand portfolio was similar to that of the corresponding period of the preceding year.

LIQUIDITY AND CAPITAL RESOURCES

During the year under review, the Group continued to benefit from the strong cash inflow from operations, which generated net operating cash inflow of HK$105 million during the financial year. As at March 31, 2003, net current assets and current ratio of the Group were approximately HK$267 million and 4:1 respectively. The current assets comprised inventories of approximately HK$90 million, trade and other receivables of approximately HK$109 million and bank balance and cash of approximately HK$157 million. The Group had total assets of HK$505 million which were financed by current liabilities of HK$88 million, non-current liabilities of HK$1 million and shareholders' equity of HK$416 million. As at March 31, 2003, the Group had no bank borrowings and as a result the Group's gearing ratio was nil.

The Group's dividend payout ratio as a percentage of its earnings has been about 30% historically. Given the Group's strong cash flows for the year under review, the Group's dividend ratio increased to 38% (including the interim special dividend) and 33% (excluding the interim special dividend). The Directors will continue to monitor the dividend policy closely to ensure that an optimal balance can be achieved between the reinvestment and distribution of earnings in the Group and to the shareholders respectively.

During the period under review, the Group has successfully raised HK$46 million through the conversion of the Group's warrants by the warrantholders. The proceeds are used for the expansion and upgrade of the Group's production facilities, as well as for general working capital.

The Group's turnover was almost entirely denominated in US dollars, while its purchases or expenses were principally denominated in US dollars, Hong Kong dollars, Renminbi and Euro. For the year ended March 31, 2003, about 18% of the Group's purchases were in Euro. In addition, the majority of the Group's liquid assets were kept in US dollars and Hong Kong dollars. Therefore, while the Group's exposure to currency fluctuation was still relatively limited as the majority of its transactions were conducted in US dollars, Hong Kong dollars and Renminbi, any material fluctuation of the Euro may have an impact on the Group's financial performance.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

At March 31, 2002, the Group had pledged its leasehold land and buildings in Hong Kong with an aggregate net book value of HK$3,600,000 as security for its banking facilities. During the year, the above mentioned leasehold land and buildings were released as pledged assets upon the expiry of the relevant banking facilities.

At March 31, 2003, the Company has guaranteed the bank facilities of its subsidiaries amounting to approximately HK$46 million (March 31, 2002: HK$37 million).

PROSPECTS

In light of the slow economic growth and the instability brought by the military and political confrontations in various parts of the world, the global economic environment is expected to remain challenging in 2003. After a year of strong growth in 2002, the Group's turnover for the first two months of 2003/2004 fiscal year was about 6% less than the corresponding two months in 2002. Despite the slight decline in these two months, some early signs of improvement in market sentiments have been seen, and the Directors remain cautiously optimistic about an improved market situation later in the fiscal year ahead.

While the economic environment is difficult and business visibility is low, the Directors are confident that the Group will continue its leading position as an ODM eyewear manufacturer in the global marketplace. Our excellent product development capability and high product quality will continue to facilitate the Group to capture any emerging market opportunities and to increase our market share. The Group will continue to make investments to enhance its product development capability and to upgrade its production facility.

It is expected that the market situation for the Group's distribution business will be difficult due to the overall poor economy and in particular the SARS disease in Asia. While the market sentiments are also improving, any significant growth is not expected to be seen until the second half of the fiscal year ahead. The Group is still identifying other licensing opportunities for prominent brand names to further enrich its brand portfolio.

Despite the short-term uncertainty, the Directors remain confident about the medium and long-term development and prospects of the Group.

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.

AUDIT COMMITTEE

The Audit committee has reviewed with the management and the external auditors the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters, including the review of the interim and annual financial statements of the Group.

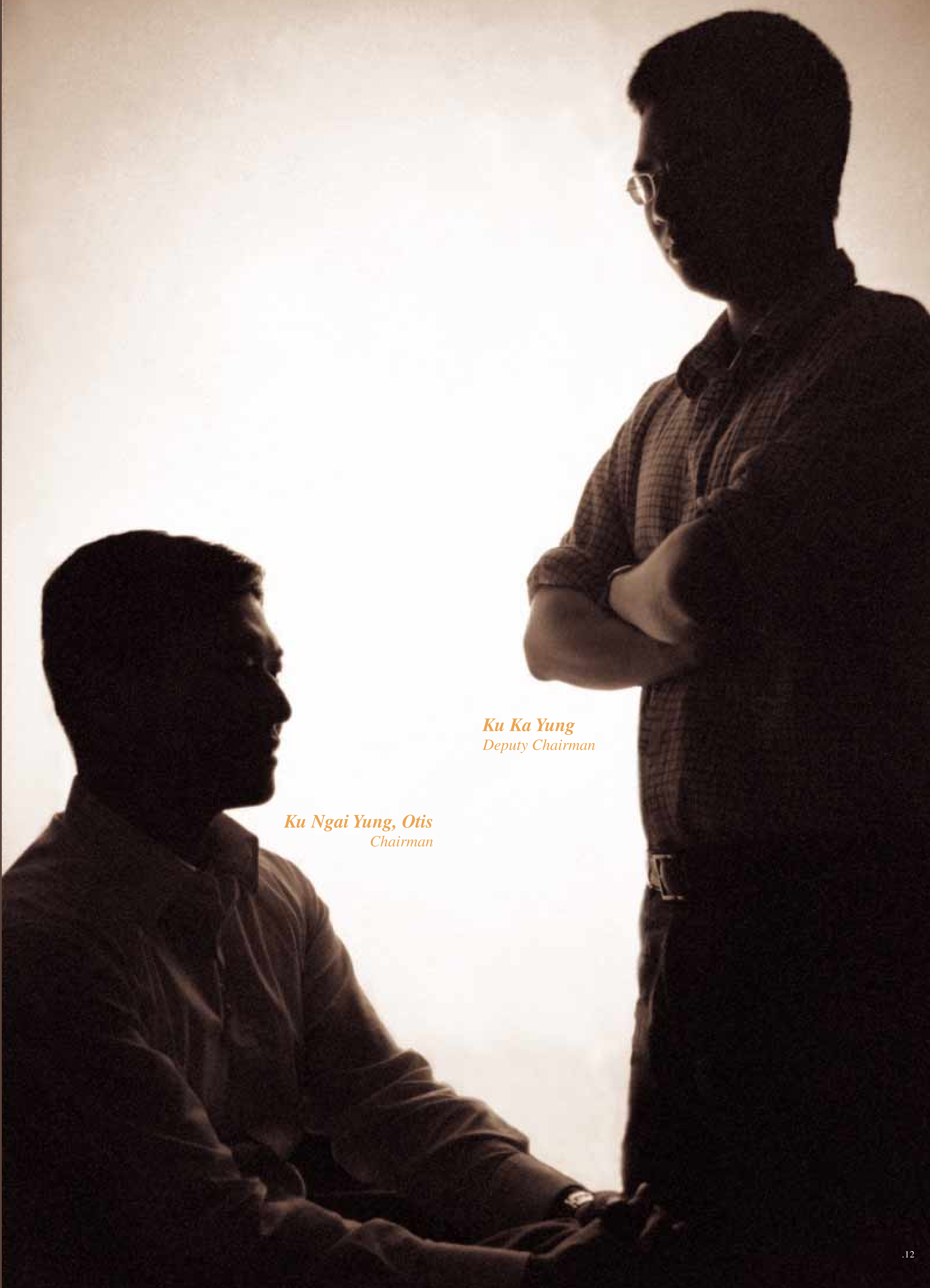
CODE OF BEST PRACTICE

The Company has complied throughout the year ended March 31, 2003 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

APPRECIATION

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

Hong Kong, July 4, 2003



Ku Ka Yung
Deputy Chairman

Ku Ngai Yung, Otis
Chairman