A DECADE OF VISION

Annual Report 2008/09 二零零八年至二零零九年年報 Stock Code 股份代號：125

Sun Hing Vision Group Holdings Limited 新興光學集團控股有限公司

Eyes on FASHION

Eyewear is a focal point of one's appearance and represents his or her unique persona. With our sophisticated eyewear, everyone can **make a fashion statement** and feel good.

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Think Forward to EXCEL

A Dynamic Growth

It takes **vision, dedication and courage** to build a successful business.

Sun Hing Vision Group celebrates an important milestone in 2009 -- the 10th anniversary of its listing on the Hong Kong Stock Exchange. Over the past decade, our business turnover has grown dramatically and recently registered an amount six times larger than ten years before. It is not through miracles, but our exceptional product quality and progressive management that made us a leading ODM enterprise in the international eyewear market.

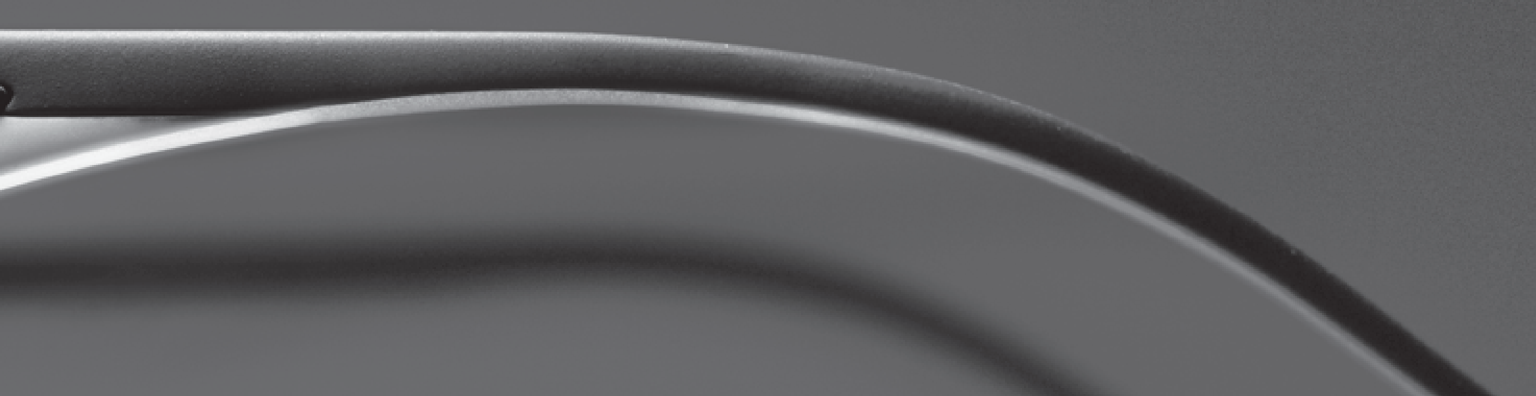
We continue to expand our ODM client base and distribution network worldwide, bagging many additional famous and upscale brands. Our **fashion-conscious designers** ride on latest global trends to create **cutting-edge products** that combine style and functionality to match different moods and occasions. We **value staff development and encourage creative risk-taking**. With minds full of innovative ideas, we stun the world by unveiling over 2,000 exciting designs last year, a 75% growth from ten years ago.

This past decade has also seen **a major boom in our production capacity**. We are making frames with diversified materials, including plastic, monel, nickel silver, aluminum, nickel titanium, and titanium. For plastic frames, we employ both hand-made and injection-molding techniques. The use of the most advanced machineries ensures the highest quality, safety, and durability for our products.

Our **strong brand management know-how is our magic** wand that bestows unique characters and elements for individual licensed brands, allowing them to capture different consumer niches. Our diverse portfolio includes premium brands such as Celine Dion, Cour Carre, Jill Stuart, Levis®, Levis'® Lady Style and New Balance. Also in the family is Public+, an up-and-coming brand which we developed in-house.

Our **daring yet pragmatic management philosophy** is our key to success. Our **open-minded managers** constantly review existing operations and devise new ways to improve. While our sophisticated ERP system raises production efficiencies, the application of lean manufacturing streamlines procedures. These reformations help us control costs, maximize profitability and respond to changing market situations in the blink of an eye.

A Symbol of EXCELLENCE



When it comes to premium eyewear, Sun Hing Vision Group is probably the first name that hits people's minds. Equated to quality, style, innovation and best practices, Sun Hing is **a superior brand** trusted by the most demanding customers.

We are always the **forerunner** whom our counterparts aspire to be; the **trend-setter** who shapes the future of the global eyewear market; the **pioneer** that uses the most advanced technology and modern management techniques.

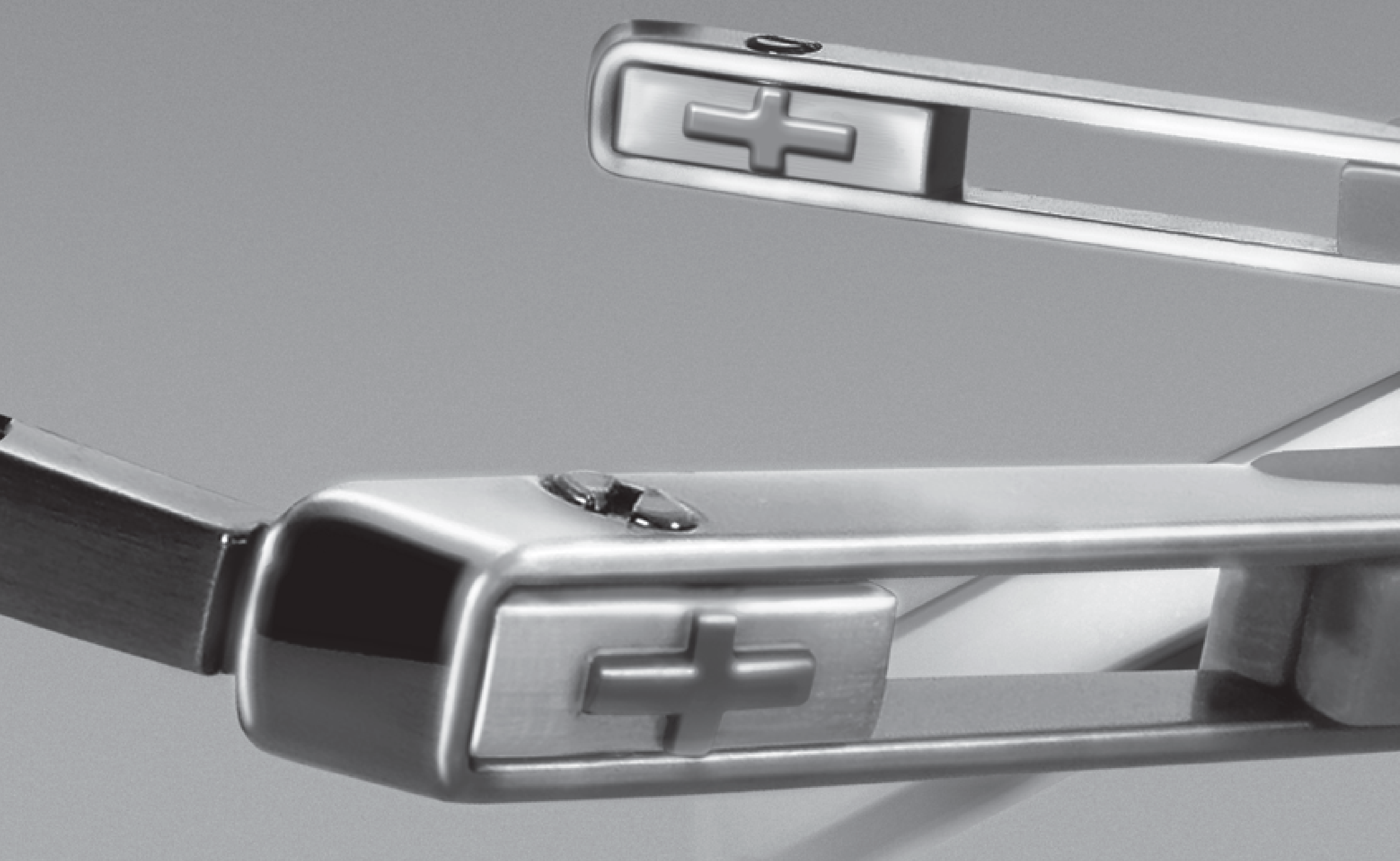
From designers to top executives, **everyone in Sun Hing Vision Group is a visionary who thinks out of the box to deliver the best**. We dare to dream the impossible dreams, and we have the means to realize them. Our passionate and versatile team is ready to tackle the most difficult challenges and delight clients with extraordinary products that have never been done before. **Just let your imagination fly and we will take care of the rest**.

Sun Hing is also a superior brand to **the most sought-after talents** in the industry.

Our employees are proud to work with us as we share a common belief in customer service, professionalism, innovation and life-long learning.

With our unparalleled perspective and competency, **we deliver above and beyond what we promise**. We never stop to strive for your profits and satisfaction.

Corporate PROFILE

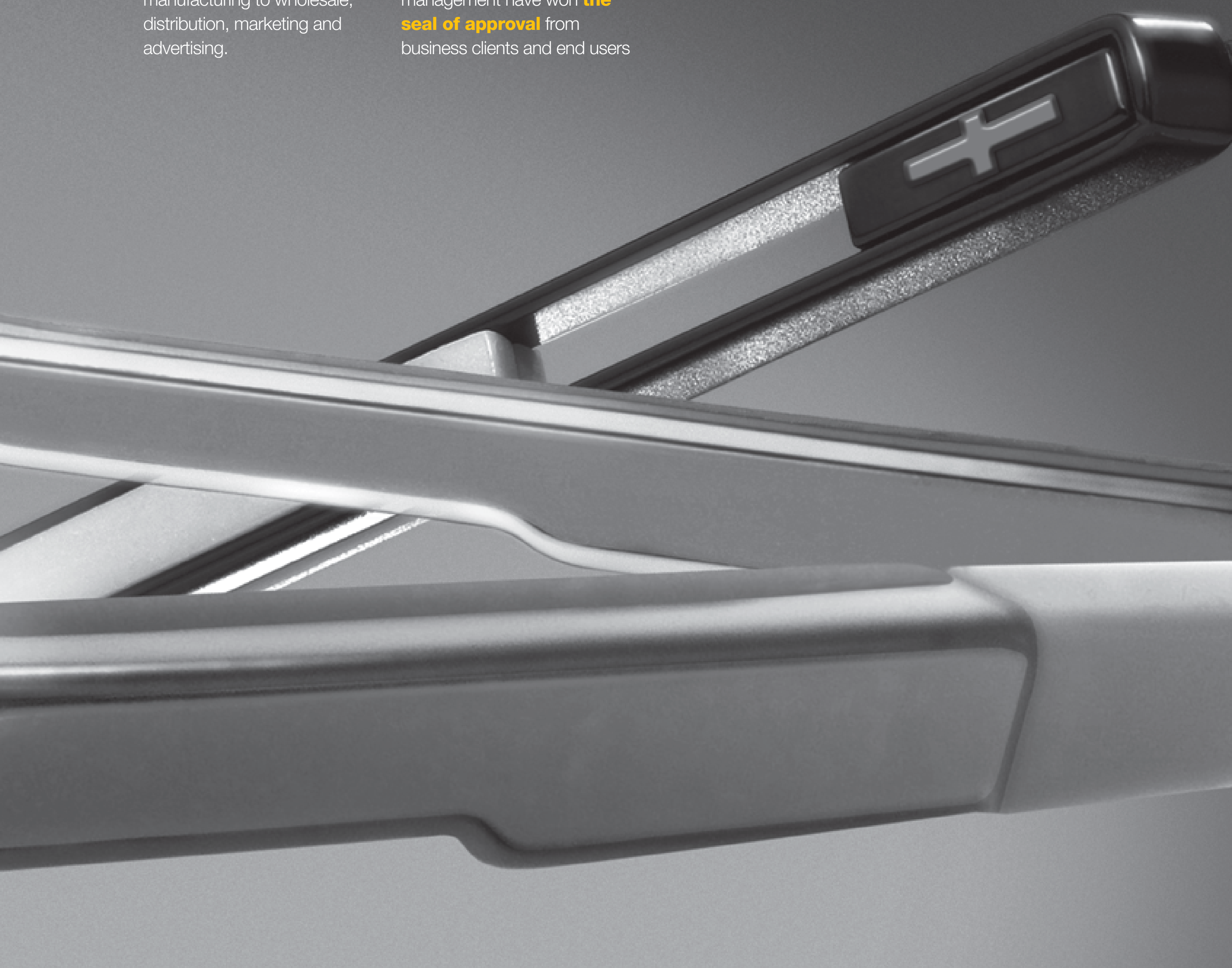


Established in 1966, Sun Hing Vision Group has been making and selling top quality eyewear for more than four decades. Today, Sun Hing Vision Group is one of the world's leading eyewear designer and manufacturer and serves numerous international premium brands. We also have outstanding achievements in licensed branded eyewear business, offering professional services from design and manufacturing to wholesale, distribution, marketing and advertising.

Renowned for creative designs, superb quality and high functionality, our products enjoy great popularity and sales volume in Europe, the United States, and throughout Asia.

The Group has been listed on the Hong Kong Stock Exchange since 1999.

Over the years, our excellent products and professional management have won **the seal of approval** from business clients and end users worldwide. Looking ahead, Sun Hing Vision Group will continue to set the standard in the global eyewear industry, and strive to extend its business frontiers around the world.



Milestones of SUCCESS

The last decade was a journey of fruitful progress for Sun Hing Vision Group. We opened new chapters of business development, refined management strategies, and earned recognition in various aspects.

1999

The Group entered a new era as we became a listed company on the Hong Kong Stock Exchange. 101 Studio Limited, a subsidiary which focuses on developing licensed branded eyewear, was also founded. The gaining of licensing right of premium brand Celine Dion gave it an encouraging start.

2000

Won the first runner-up title and merit award in the Hong Kong Eyewear Design Competition in the corporate group category.

Began the application of a new, well-integrated ERP system, a step forward in our effort to enhance production efficiency.

2001

Secured the brand *license* for Jill Stuart.

2002

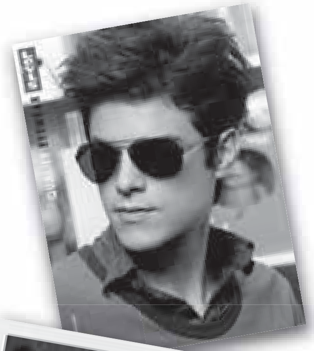
A glorious year. We were named champion in the Hong Kong Eyewear Design Competition in the corporate group category, and awarded the Certificate of Merit in Export Marketing by the Hong Kong Trade Development Council.

2003

Sealed the deal with the Levis's® series.

2004

Established Public+, our in-house brand inspired by Scandinavian simplicity. It also serves as a perfect showcase of our brand management capability.



2005

A year of exciting happenings. The operation of our second production base in the Mainland increased our production capacity tremendously. Internally, we carried out a business process reengineering project on order fulfillment. With production logistics updated and employees' concept revolutionized, we were much more expeditious in product delivery.

As for our licensed brand collection, New Balance joined the family.

2006

A breakthrough in drawing up our corporate blueprint as we launched a five-year strategic plan which lays down the vision and mission of the Group and sets clear goals on how to achieve a prosperous development. We also implemented a business process reengineering project on pre-production preparation process. Business units were restructured for better communication and efficiency.

2007

Turnover of the Group increased by a record high 47% in one year. Levi's® Ladies was included in our licensed brand collection.

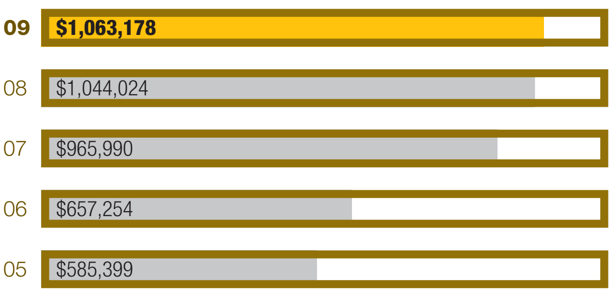
2008

The Group's turnover topped one billion dollars for the first time, reaching HK$1,044 million.

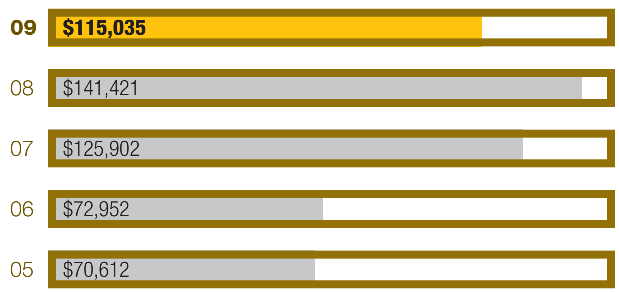
Financial HIGHLIGHTS

Turnover of the Group increased by 2% to HK$1,063 million

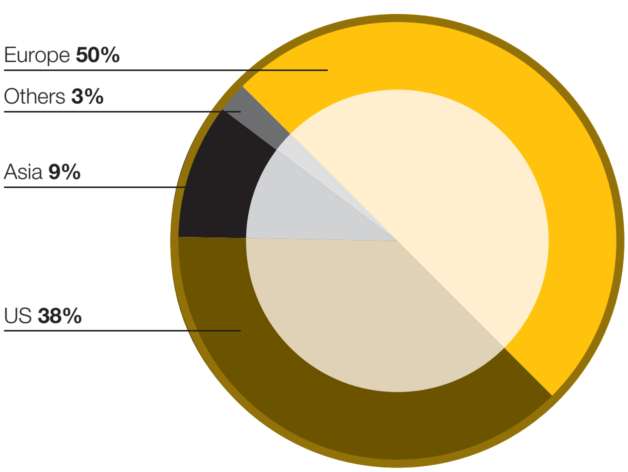
Turnover
(HK$'000) for year ended 31 March



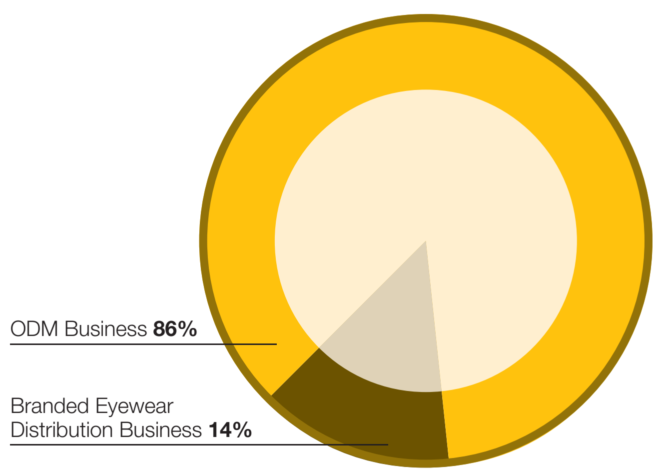
Profit Attributable to Shareholders
(HK$'000) for year ended 31 March



Turnover by Geographical Area
for year ended 31 March 2009



Turnover by Business Division
for year ended 31 March 2009



LETTER TO SHAREHOLDERS

We are pleased to announce the results of Sun Hing Vision Group Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2009.

Results

For the year ended 31 March 2009, turnover of the Group slightly increased by 2% to HK$1,063 million (2008: HK$1,044 million). However, due to the adverse change in business environment, the net profit of the Group decreased by 19% to HK$115 million (2008: HK$141 million). Accordingly, basic earnings per share decreased by 19% to HK44 cents (2008: HK54 cents).

Dividends

The directors (the "Directors") of the Company have resolved to recommend at the forthcoming annual general meeting a final dividend of HK10.0 cents per share and a final special dividend of HK1.5 cents per share for the year ended 31 March 2009, to the shareholders whose names appear in the register of members of the Company at the close of business on 27 August 2009. This final and final special dividend, together with the interim and interim special dividend of HK6.0 cents per share already paid, will make a total distribution of HK17.5 cents per share for the full year. The final dividend and final special dividend are expected to be paid on or about 18 September 2009.

Closure of Register of Members

The register of members of the Company will be closed from 24 August 2009 to 27 August 2009, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and final 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, Rooms 1901–02, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not later than 4:00 p.m. on 21 August 2009.

Management Discussion and Analysis

Business Review

The 2009 financial year was extremely challenging. The first half of the year was characterized by rising raw material costs, skyrocketing energy prices and higher labour costs, while the financial tsunami in the second half-year triggered substantial decline in consumer demand. Despite such difficult business environment, the Group was still able to maintain a slight increase in turnover of 2% to HK$1,063 million (2008: HK$1,044 million). Profitability of the Group was adversely affected by the much higher operating costs in China. For the year ended 31 March 2009, the net profit of the Group decreased by 19% to HK$115 million (2008: HK$141 million). Basic earnings per share decreased by 19% to HK44 cents (2008: HK54 cents).

During the year under review, the Group's turnover remained relatively stable for both of its original design manufacturing ("ODM") business as well as its branded eyewear distribution business. ODM business continued to grow steadily and contributed to a major portion of the Group's turnover. The branded eyewear distribution business was negatively affected by the deteriorating economy and experienced a minor drop in turnover. Overall, the contribution ratio of these two businesses was consistent with that of last financial year. The ODM business and the branded eyewear distribution business accounted for 86% and 14% of the Group's turnover respectively (2008: 86% and 14%).

The unfavorable business environment adversely affected the Group's profitability. Facing the increasing cost pressure from labor, energy and raw materials, the Group responded proactively by stringent cost control and modest price adjustment of its products. Nevertheless, the above measures undertaken by the Group could not fully overcome the adverse impacts brought by the higher operating costs. As a result, the gross profit margin percentage of the Group for the year ended 31 March 2009 decreased to 26% from 29% in the last financial year.

Letter to Shareholders
(continued)

The ODM Business
During the year under review, the Group recorded a modest growth of 2% in its ODM turnover to HK$919 million (2008: HK$898 million). Our major customers in ODM business are those leading players in the global eyewear industry, and the Group has become one of the key elements in the global supply chains for its major customers. The Group has been able to maintain its leading role in the industry with its strong design and product development capability as well as its efficient manufacturing management.

Sales of metal frames, plastic frames and other spare parts accounted for 64%, 34% and 2% of the Group's ODM turnover respectively (2008: 64%, 35% and 1%). In terms of geographical distribution, Europe and the United States continued to be the major markets of the Group and accounted for 57% and 41% of the Group's ODM turnover (2008: 57% and 42%). The Group's ODM turnover to Europe increased steadily by 2% to HK$520 million (2008: HK$508 million) while sales to the United States was relatively stable at HK$378 million (2008: HK$376 million).

The Branded Eyewear Distribution Business
Turnover contributed by the Group's branded eyewear distribution business slightly decreased by 1% to HK$144 million (2008: HK$146 million). The rapid contraction of consumer demand in the second half of the fiscal year reversed the turnover growth trend from the first half for the branded eyewear distribution business, which felt a more immediate impact from the retail level. Asia continued to be the major market of the Group's branded eyewear distribution business and accounted for 61% of the Group's distribution turnover (2008: 67%). The Group is aware of the importance in managing a well diversified geographical portfolio. The Group has further expanded into new and emerging markets to drive the growth of the branded eyewear distribution business during the year under review.

Liquidity and Capital Resources
During the year under review, the cash inflow from operation amounted to HK$148 million. Meanwhile, the Group did not have any bank borrowings, and held time deposit and cash and bank balance of HK$274 million as at 31 March 2009. The strong cash position was the direct result of the Group's cautious working capital planning and expenditure control. The Group will continue to adopt a prudent cash flow management in response to the uncertain economic environment.

Given the Group's strong cash position, the Directors have again resolved to declare a final special dividend of HK1.5 cents per share on the top of the final dividend of HK10 cents per share for the year ended 31 March 2009. 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 31 March 2009, the net current assets and current ratio of the Group were approximately HK$518 million and 4.9:1 respectively. The total shareholders' equity of the Group increased to HK$804 million as at 31 March 2009 from HK$742 million as at 31 March 2008. During the year under review, the Group continued to see improvement in its working capital position as a result of more rigorous receivable collection and inventory management in response to the deteriorating and hence more risky economic environment. Debtor turnover period and inventory turnover period were 84 days and 62 days respectively. 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.

Foreign Exchange Exposure
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 year under review, save in respect of the gradual 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.

Human Resources
The Group had a workforce of over 8,000 people as at 31 March 2009. The Group remunerates its employees based on their performance, years of service, work experience and the prevailing market situation. Bonuses and other incentive payments are granted on a discretionary basis based on individual performance, years of service and overall operating results of the Group. Other employee benefits include medical insurance scheme, mandatory provident fund scheme, subsidised or free training programs and participation in the Company's share option scheme.

Charges on Group's Assets and Contingent Liabilities

As at 31 March 2009, there were no charges on the Group's assets or any significant contingent liabilities.

Capital Commitment

Details of the Group's capital commitment are set our in Note 26 to the consolidated financial statements.

Purchase, Sale or Redemption of the Company's Listed Securities

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

Prospects

With the major international agencies forecasting a decline in global GDP in 2009, the Directors believe that market sentiments will stay at the trough level for the next fiscal year. The outbreak of financial tsunami in the second half of 2008 brought unprecedented challenges to the Group. With the commencement of recession in Europe and United State, the consumer spending in these regions has been significantly reduced. Asian countries have also been affected, although the adverse impact was less severe. The Directors expect that the market demand for its ODM products may remain weak for most of the next financial year, and the business environment may become even tougher in near future.

In response to this unprecedented challenge, the Group has been taking serious measures to further reinforce its financial position. Financial outlook of its customers and suppliers will be closely monitored, while receivables collection control procedures will be further strengthened. Any capital expenditure project will be executed in a cautious and prudent manner. The Group will continue to maintain a sufficient level of cash and bank balance, as well as a substantially bank loan-free position. This enables the Group to flexibly react to the uncertain economic environment. Cost control measures will be strictly implemented in different areas to alleviate the adverse impacts from the poor operating environment. However, the Group will continue to invest in projects that will enhance production efficiency, product quality and design capability which are instrumental to its long-term prosperity. Despite the short-term difficulties, the Directors are confident of the long-term prospects of the Group's ODM business.

Given the deteriorating economic environment, the Directors remain cautious about the performance of the branded eyewear distribution business in the next fiscal year. The Group is currently reviewing and restructuring its brand portfolio to focus resources on brands with strong growth and profit potential, while phrasing out brands with small volume. Tailor-made marketing strategies will be applied to different brands in different markets to explore the maximum sales potential. The Group is actively seeking opportunities to widen the geographical coverage of its eyewear products under existing brands to obtain the largest economies of scale. In the meantime, further licensing opportunities with prominent brand names will be actively pursued to enrich the brand portfolio.

As a company with excellent design capability, brand management strength, efficient operations and an extremely strong balance sheet, the Directors believe that the Group will not only successfully manage the current crisis, but will become even much stronger once the global economy recovers.

Appreciation

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

Ku Ngai Yung, Otis
Chairman

Ku Ka Yung
Deputy Chairman

Hong Kong, 10 July 2009

Directors, Senior Management and Staff

Executive Directors

Mr. Ku Ngai Yung, Otis, aged 42, is the chairman and managing Director of the Group. He is also a director of certain group members. Mr. Ku holds a bachelor of arts degree majoring in administrative and commercial studies from the University of Western Ontario, Canada. He joined the Group in June 1988. He is responsible for the Group's overall corporate policy making, strategic planning and business development. He is the son of Mr. Ku Yiu Tung and the brother of Mr. Ku Ka Yung and Ms Ku Ling Wah, Phyllis.

Mr. Ku Ka Yung, aged 36, is the deputy chairman and chief financial officer of the Group. He is also a director of certain group members. Mr. Ku is responsible for the Group's accounting and financial management. He holds a bachelor of commerce degree from the University of Toronto, Canada and a master of business administration degree from McGill University, Montreal, Canada. He is a certified public accountant in the US. He joined the Group in August 1996. He is the brother of Mr. Ku Ngai Yung, Otis and Ms Ku Ling Wah, Phyllis and the son of Mr. Ku Yiu Tung.

Mr. Tsang Wing Leung, Jimson, aged 41, is the executive Director responsible for the Group's product development and purchasing activities. He joined the Group in February 1989.

Ms Ku Ling Wah, Phyllis, aged 44, is the executive Director responsible for the general administration including accounting, human resources management and treasury functions of the Group in Hong Kong. She joined the Group in January 1988. She is the sister of Mr. Ku Ngai Yung, Otis and Mr. Ku Ka Yung, and the daughter of Mr. Ku Yiu Tung.

Mr. Chan Chi Sun, aged 43, is the executive Director responsible for the general administration of the Group. He is also a director of certain group members. Mr. Chan holds a bachelor degree from the University of Western Ontario, Canada. He joined the Group in June 1994. He is responsible for the overall administration of the Group and has extensive experience in information technology.

Ms Ma Sau Ching, aged 47, is the executive Director responsible for the marketing development of the Group. She holds a master of business administration degree in strategic marketing from the University of Hull, United Kingdom, and a diploma in management studies from the Hong Kong Polytechnic University. She joined the Group in December 1997.

Non-executive Director

Mr. Ku Yiu Tung, aged 75, is the founder of the Group and has more than forty years of experience in the optical industry. Mr. Ku Yiu Tung is the father of Mr. Ku Ngai Yung, Otis, Mr. Ku Ka Yung and Ms Ku Ling Wah, Phyllis.

Independent Non-executive Directors

Mr. Lo Wa Kei, Roy, aged 38, has over sixteen years of experience in accounting and finance. He is a practicing certified public accountant in Hong Kong and is a deputy managing partner of Shinewing (HK) CPA Limited. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants, a member of the Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Securities Institute. Mr. Lo was appointed as an independent non-executive Director on 1 May 1999. Apart from that, he is currently an independent non-executive director of China Zhongwang Holdings Limited, North Mining Shares Company Limited (formerly known as Sun Man Tai Holdings Company Limited) and Time Infrastructure Holdings Limited (formerly known as Gay Giano International Group Limited). He was also an independent non-executive director of Proactive Technology Holdings Limited (now known as China Railway Logistics Limited) and Vital BioTech Holdings Limited (now known as Vital Pharmaceutical Holdings Limited) until 1 April 2006 and 19 October 2006 respectively. All of the above companies are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

Mr. Lee Kwong Yiu, aged 46, has over ten years of experience in Hong Kong law as a qualified solicitor. He is now the principal of Messrs. Philip K. Y. Lee & Co. Solicitors. He is also the Associate Member of the Chartered Institute of Arbitrators and is a China-Appointed Attesting Officer since 20 April 2006. Mr. Lee has been appointed as an independent non-executive Director since 1 May 2001. He is also currently an independent non-executive director of Vital Pharmaceutical Holdings Limited (formerly know as Vital BioTech Holdings Limtied), and has been newly appointed as an independent non-executive director of ABC Communications (Holdings) Ltd with effect from 19 June 2009. Both companies are listed on Stock Exchange.

Mr. Wong Che Man, Eddy, aged 49, has over twenty years of experience in the auditing and accounting profession. He is the sole proprietor of Eddy Wong & Co., Certified Public Accountants, and is also a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Wong was appointed as an independent non-executive Director on 21 September 2004. He was also an independent non-executive director of Smart Rich Energy Finance (Holdings) Limited (with name subsequently changed to G-Resources Group Limited on 3 June 2009) and China Financial Industry Investment Fund Limited (now known as National Investments Fund Limited) until 25 March 2009 and 16 May 2007 respectively. Both companies are listed in Stock Exchange.

Senior Management

Ms Cheunk Siu Ling, aged 43, is the accounting manager of the Group and is responsible for the Group's accounting and finance function. She is a member of the Association of Chartered Certified Accountants and holds a bachelor of business administration degree from Thames Valley University, London, and holds a higher certificate in accountancy from the Hong Kong Polytechnic University. She joined the Group in 1995.

Mr. Wong Lap Ping, aged 42, is the product engineering manager of the Group. He is responsible for day-to-day product engineering management. He joined the Group in 1991.

Mr. Leung Cheuk Pong, aged 40, is the operation manager of the Group and is responsible for the Group's purchasing and logistics activities. He is a director of a group member. Mr. Leung holds a bachelor of commerce degree from Deakin University, Australia. He joined the Group in 1996.

Corporate Governance Report

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 the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), which came into effect on 1 January 2005. During the year ended 31 March 2009, the Company has complied with all applicable code provisions in the CG Code except for the deviation from Code A.2.1 of the CG Code as described below in the "Chairman and Chief Executive Officer" section.

Directors' Securities Transactions

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 year ended 31 March 2009.

Board of Directors

The Board comprises of 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, 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. Two of the independent non-executive Directors possess appropriate professional accounting qualifications and financial management expertise. All of the independent non-executive Directors have signed their respective confirmation letters to the Company confirming their independence as set out in rule 3.13 of the Listing Rules. Biographical details of the Directors are set out in the section of Directors, Senior Management and Staff on page 16. The Board possesses a balanced mix of skills and expertise which supports the continuing development of the Company.

The Board conducted four Board meetings, all of such meetings were regular Board meetings in compliance with Code A1.1 of the CG Code, during the year ended 31 March 2009. The attendance of each Director is set out as follows:

Directors	**Attendance Record**
Mr. Ku Ngai Yung, Otis *(Chairman)*	4/4
Mr. Ku Ka Yung *(Deputy Chairman)*	4/4
Mr. Tsang Wing Leung, Jimson	4/4
Ms. Ku Ling Wah, Phyllis	4/4
Mr. Chan Chi Sun	4/4
Ms. Ma Sau Ching	3/4
Mr. Ku Yiu Tung	4/4
Mr. Lo Wa Kei, Roy	3/4
Mr. Lee Kwong Yiu	4/4
Mr. Wong Che Man, Eddy	4/4

The Board is charged with the responsibility of setting corporate policy and overall strategy for the Group and providing effective oversight of the management of the Group's business affairs. The Board also monitors the financial performance and the internal controls of the Group's business operations. The implementation of strategy, management of daily operations and administration of the Group's affairs are delegated to the management team.

The non-executive Director, Mr. Ku Yiu Tung is the father of Mr. Ku Ngai Yung, Otis, Mr. Ku Ka Yung, and Ms. Ku Ling Wah, Phyllis.

Chairman and Chief Executive Officer

Code A.2.1 of the CG Code provides, inter alia, 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 should be clearly established and set out in writing.

Corporate Governance Report
(continued)

The Company does not officially have a position of Chief Executive Officer. However, Mr. Ku Ngai Yung, Otis has been assuming the roles of both the Chairman and Chief Executive Officer of the Company. In this regard, the Company has deviated from Code A.2.1 of the CG Code. 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. Nonetheless, 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.

Appointment and re-election of Directors

According to Bye-law 87(1) of the Bye-laws of the Company (the "Bye-laws"), at each annual general meeting of the Company, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation no later than the third annual general meeting after he was last elected or re-elected. Also, according to Bye-law 90 of the Bye-laws, a Director appointed to an office as managing director, joint managing director or deputy managing director shall also be subject to rotation, resignation and removal as the other directors of the Company.

Mr. Ku Ka Yung, an executive Director, Mr. Ku Yiu Tung, a non-executive Director, and Mr. Lo Wa Kei, Roy and Mr. Wong Che Man, Eddy, both of them are independent non-executive Directors were re-elected as Directors at the 2008 annual general meeting for a term of no more than three years and subject to retirement by rotation in accordance with the Bye-laws.

Mr. Ku Ngai Yung, Otis, Mr. Chan Chi Sun and Ms. Ma Sau Ching, all of them are executive Director, and Mr. Lee Kwong Yiu, an independent non-executive Director will retire at the forthcoming 2009 annual general meeting and will offer themselves for re-election. Their proposed term of office shall not be more than three years and is subject to retirement by rotation in accordance with the Bye-laws.

Remuneration Committee

A remuneration committee (the "Remuneration Committee") was established by the Company 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 of the Company, as well as the human resources manger of the Group. The duties of the Remuneration Committee include determination of remuneration of executive Directors and senior management and review of the remuneration policy of the Group.

The Remuneration Committee held two meetings during the year ended 31 March 2009. The attendance of each Remuneration Committee member is set out as follows:–

Remuneration Committee Members	**Attendance Record**
Mr. Lee Kwong Yiu *(Chairman)*	2/2
Mr. Lo Wa Kei, Roy	2/2
Mr. Wong Che Man, Eddy	2/2

During the year ended 31 March 2009, the Remuneration Committee has reviewed and determined the remuneration of the Directors and the overall remuneration policy of the Group.

Audit Committee

An audit committee (the "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, 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 and existing auditors of the Company. 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. During the year ended 31 March 2009, the Audit Committee has performed the above duties, including making recommendation to the Board regarding internal control matters, and reviewing the interim and annual reports of the Group. The Group's consolidated financial statements for the year ended 31 March 2009 have been reviewed by the Audit Committee and audited by the Company's external auditor Deloitte Touche Tohmatsu.

During the year ended 31 March 2009, the Audit Committee held two meetings. Attendance of each Audit Committee member is set out as follows:–

Audit Committee Members	Attendance Record
Mr. Lo Wa Kei, Roy *(Chairman)*	2/2
Mr. Lee Kwong Yiu	2/2
Mr. Wong Che Man, Eddy	2/2

Auditor's Remuneration

During the year under review, the remuneration paid or payable to the Company's auditor, Messrs. Deloitte Touche Tohmatsu is set out as follows:

Type of Services	Fees paid/payable
Audit services	HK$1,180,000
Non-audit services	
Interim results review	HK$200,000
Tax compliance and advisory services	HK$115,000
Internal control review	HK$80,000

Accountability and Internal Control

The Directors acknowledge their responsibility to prepare financial statements for the financial year ended 31 March 2009 which give a true and fair view of the state of affairs of the Company and the Group and the results and cash flows of the Group. In preparing the financial statements for the year ended 31 March 2009, the Directors have adopted suitable accounting policies which are pertinent to the Group's operation and relevant to the financial statements, have made judgements and estimates that are prudent and reasonable, and have prepared the financial statements on a going concern basis.

The Directors' responsibilities for the preparation of the financial statements, and the responsibilities of the auditor to the shareholders, are set out in the auditor's report on page 26.

It is the responsibility of the Board to ensure that the Group maintains sound and effective internal controls to safeguard the shareholders' investment and the Group's assets.

The Group's internal control system includes a well-defined management structure with limits of authority, comprehensive policies and standards. It is designed to help the achievement of business objectives, safeguard assets against unauthorized use or disposition, ensure the maintenance of proper accounting records, and ensure compliance with relevant legislation and regulations.

During the year ended 31 March 2009, the Board has assessed the effectiveness of the Group's internal control system through (i) conducting regular management meetings to discuss and handle internal control issues; (ii) reviewing the findings made by the auditor in respect of issues encountered during the processes of annual audit and interim review; and (iii) engaging a specialized division of Deloitte Touche Tohmatsu to assess the internal controls in respect of certain key business operations of the Group. Based on the results of the assessment, the Board is satisfied with the effectiveness of the internal control system of the Group. Appropriate actions are being taken to address the areas for improvement identified.

Directors' Report

The Directors of Sun Hing Vision Group Holdings Limited (the "Company") present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2009.

Principal Activities

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 30 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 31 March 2009 are set out in the consolidated income statement on page 27.

An interim dividend of HK4.5 cents per share of the Company amounting to approximately HK$11,825,000 and an interim special dividend of HK1.5 cents per share amounting to approximately HK$3,942,000 were paid to the shareholders of the Company during the year. The Directors now recommend a final dividend of HK10.0 cents per share amounting to approximately HK$26,278,000 and a final special dividend of HK1.5 cents per share amounting to approximately HK$3,942,000 to the shareholders of the Company whose names appear on the register of members at the close of business on 27 August 2009.

Property, Plant and Equipment

Certain of the Group's leasehold land and buildings were revalued at 31 March 2009. The revaluation resulted in a deficit of approximately HK$3,426,000, which has been charged to the property revaluation reserve in the equity.

During the year, the Group acquired property, plant and equipment at a cost of approximately HK$62,039,000 mainly to maintain the existing plants and upgrade production facilities. Details of these and other movements in property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

Major Customers and Suppliers

During the year, the aggregate sales attributable to the Group's five largest customers comprised approximately 63% of the Group's total sales and the sales attributable to the Group's largest customer were approximately 26% of the Group's total sales.

The aggregate purchases attributable to the Group's five largest suppliers during the year were less than 24% of the Group's total purchases.

At no time during the year did a Director, an associate of a director or a shareholder of the Company (which to the knowledge of the Directors, own more than 5% of the Company's issued share capital) has an interest in any of the Group's five largest suppliers or customers.

Share Capital

Details of movements in the share capital of the Company during the year are set out in note 22 to the consolidated financial statements.

Distributable Reserve of the Company

As at 31 March 2009, the Company's reserves available for distribution comprising retained profits of HK$41,718,000 (2008: HK$31,890,000).

Directors

The Directors during the year and up to the date of this report were:

Executive Directors:

Ku Ngai Yung, Otis *(Chairman)*
Ku Ka Yung *(Deputy Chairman)*
Ku Ling Wah, Phyllis
Tsang Wing Leung, Jimson
Chan Chi Sun
Ma Sau Ching

Non-executive Directors:

Ku Yiu Tung

Independent non-executive Directors:

Lo Wa Kei, Roy
Lee Kwong Yiu
Wong Che Man, Eddy

In accordance with Bye-Laws 87(1) and 90 (in the case of Mr. Ku Ngai Yung, Otis) of the Company's bye-laws, Mr. Ku Ngai Yung, Otis, Mr. Chan Chi Sun, Ms. Ma Sau Ching and Mr. Lee Kwong Yiu will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election. All other remaining Directors continue in office.

The term of office of each executive, non-executive and independent non-executive Director is not more than three years and subject to retirement by rotation in accordance with the Company's bye-laws.

Directors' Service Contracts

Each of the executive Directors has entered into a service agreement with the Company. Each of Mr. Ku Ngai Yung, Otis, Mr. Ku Ka Yung, Mr. Tsang Wing Leung, Jimson and Ms. Ku Ling Wah, Phyllis has entered into a service agreement with the Company for an initial term of two years commencing on 1 May 1999 and continuing thereafter until terminated by not less than three months' prior written notice served by either party.

Each of Mr. Chan Chi Sun and Ms. Ma Sau Ching has entered into a service agreement with the Company for an initial term of two years commencing on 14 December 2001 and continuing thereafter until terminated by not less than three months' prior written notice served by either party.

Mr. Ku Yiu Tung has entered into a service agreement with the Company for a term of three years commencing from 6 September 2004 and continuing thereafter until terminated by the other not less than three months' prior written notice served by either party.

Each of the independent non-executive Directors, namely Mr. Lo Wa Kei, Roy, Mr. Lee Kwong Yiu and Mr. Wong Che Man, Eddy, has entered into a service agreement with the Company for a term of three years. The term of Mr. Lo Wa Kei, Roy commenced from 20 September 2004 and continuing thereafter until terminated by not less than three months' prior written notice served by either party. The term of Mr. Lee Kwong Yiu commenced from 4 September 2003 for a term of three years and continuing thereafter until terminated by not less than three months' prior written notice by either party. The term of Mr. Wong Che Man, Eddy commenced from 21 September 2004 for a term of three years and continuing thereafter until terminated by not less than three months' prior written notice served by either party.

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Directors' and Chief Executives' Interests in Shares, Underlying Shares and Debentures

As at 31 March 2009, the interests and short positions of the directors and chief executives of the Company, and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

1. Shares in the Company (Long Positions)

	Number of ordinary shares held			
Name of Directors	**Personal interest**	**Other interest**	**Total**	**Percentage of the issued share capital of the Company**
Ku Ngai Yung, Otis	3,737,223	137,359,382 *(Note)*	141,096,605	53.69%
Ku Ka Yung	3,737,223	137,359,382 *(Note)*	141,096,605	53.69%
Ku Ling Wah, Phyllis	–	137,359,382 *(Note)*	137,359,382	52.27%
Tsang Wing Leung, Jimson	1,570,000	–	1,570,000	0.60%
Chan Chi Sun	1,526,000	–	1,526,000	0.58%
Ma Sau Ching	350,000	–	350,000	0.13%

Note:
137,359,382 ordinary shares of the Company were held by United Vision International Limited, which is ultimately and wholly-owned by The Vision Trust, a discretionary trust settled by Mr. Ku Ngai Yung, Otis and Mr. Ku Ka Yung, the discretionary objects of which include Mr. Ku Ngai Yung, Otis and his spouse, Mr. Ku Ka Yung and his spouse, Ms. Ku Ling Wah, Phyllis and their respective children who are under the age 18.

Directors' and Chief Executives' Interests in Shares, Underlying Shares and Debentures (continued)

2. Underlying Shares in the Company (Share Options)

Details of the share options held by the Directors and chief executives of the Company are shown in the section under the heading "Share Options".

Save as disclosed above as at 31 March 2009, none of the directors, chief executives, nor their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Party XV of the SFO) as recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Options

Pursuant to a resolution passed on 6 September 2004, the Company's share option scheme adopted on 4 May 1999 (the "Old Share Option Scheme") was terminated and a new share option scheme (the "New Share Option Scheme") was adopted in order to comply with the amendments to Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") in relation to share option schemes. Particulars of the New Share Option Scheme are set out in note 23 to the consolidated financial statements.

The following table discloses movements in the Company's share options which were granted under the Old Share Option Scheme during the year:

			Number of share options				
Grantees	**Date of grant**	**Exercisable period**	**Outstanding at 1 April 2008**	**Exercised during the year**	**Forfeited during the year**	**Outstanding at 31 March 2009**	**Exercise price** HK$
Employees	2 April 2004	2 April 2004 to 1 April 2009 *(Note 1 & 2)*	1,100,000	–	–	1,100,000	3.50
			1,100,000	–	–	1,100,000	

Notes:

1. *All the options have been vested.*
2. *Each grantee might only exercise his/her option to subscribe for up to 35% of the total number of shares pursuant to the option granted to him/her after 2 April 2005. The remaining balance, together with the balance (if any) that he/she had not exercised previously, would be exercisable by him/her after 2 April 2007.*

All share options granted under the Old Share Option Scheme were lapsed on 1 April 2009. At the date of this report, there were no share option remained outstanding under the Old Share Option Scheme. No further share options can be granted upon termination of the Old Share Option Scheme.

Under the New Share Option Scheme, the maximum number of shares available for issue is 10% of the issued shares capital of the Company. No share options have been granted, exercised, cancelled or lapsed under the New Share Option Scheme since its adoption.

Arrangements to Purchase Shares Or Debentures

Other than the share options disclosed above, at no time during the year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Interests in Contracts of Significance

No contracts of significance to which the Company, its holding company or any of its subsidiaries or fellow subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Substantial Shareholders

As at 31 March 2009, the following parties (other than those disclosed under the headings "Directors' Interests in Shares, Underlying Shares and Debentures" and "Share Options" above) were recorded in the register required to be kept by the Company under Section 336 of the SFO as being directly or indirectly interested in 5% or more of the issued share capital of the Company.

Name of substantial shareholders	Number of ordinary shares held	Percentage of the issued share capital of the Company
United Vision International Limited *(Note 1)*	137,359,382	52.27%
Marshvale Investments Limited *(Note 1)*	137,359,382	52.27%
HSBC International Trustee Limited *(Notes 1 & 2)*	138,177,382	52.58%
Allard Partners Limited *(Note 3)*	18,666,000	7.10%
Oaktree Capital Group Holdings GP, LLC *(Note 4)*	17,344,000	6.60%
Oaktree Capital Group Holdings, L.P. *(Note 4)*	17,344,000	6.60%
Oaktree Capital Group, LLC (*(Note 4)*	17,344,000	6.60%
Oaktree Holdings, LLC *(Note 4)*	17,344,000	6.60%
OCM Holdings I, LLC *(Note 4)*	17,344,000	6.60%
Oaktree Capital I, L.P. *(Note 4)*	17,344,000	6.60%
Oaktree Fund GP I, L.P. *(Note 4)*	17,344,000	6.60%
Oaktree Emerging Markets Fund, L.P. *(Note 4)* (Formerly known as OCM Emerging Markets Fund, L.P.)	17,344,000	6.60%
Oaktree Holdings, Inc. *(Note 5)*	17,344,000	6.60%
Oaktree Capital Management, L.P. *(Note 5)*	17,344,000	6.60%
Deutsche Bank Aktiengesellschaft *(Note 6)*	15,778,000	6.00%
Lim Mee Hwa *(Notes 7)*	13,240,000	5.04%
Yeo Seng Chong *(Notes 8)*	13,240,000	5.04%
Yeoman Capital Management Pte Ltd *(Note 9)*	13,150,000	5.00%
David Michael Webb *(Note 10)*	13,166,000	5.01%

Substantial Shareholders (continued)

Notes:

1. As at 31 March 2009, United Vision International Limited ("UVI") is wholly-owned by Marshvale Investments Limited ("Marshvale"). By virtue of UVI's interests in the Company, Marshvale is deemed to be interested in 137,359,382 shares of the Company under the SFO. Marshvale is wholly-owned by HSBC International Trustee Limited ("HSBC Trustee"). By virtue of Marshvale's indirect interests in the Company, HSBC Trustee is deemed to be interested in 137,359,382 shares of the Company under the SFO.
2. HSBC Trustee is the trustee of The Vision Trust, the discretionary trust settled by Mr. Ku Ngai Yung, Otis and Mr. Ku Ka Yung mentioned above. Of the 138,177,382 shares of the Company held by HSBC Trustee, 137,359,382 shares of the Company were held indirectly through UVI as mentioned in note (1) above and 818,000 shares of the Company were held as trustee.
3. Allard Partners Limited is a fund management company.
4. As at 31 March 2009, 17,344,000 shares of the Company were held by Oaktree Emerging Markets Fund, L.P. (formerly known as OCM Emerging Markets Fund, L.P.), which is wholly-owned by Oaktree Fund GP I, L.P. By virtue of Oaktree Emerging Markets Fund, L.P.'s interest in the Company, Oaktree Fund GP I, L.P. is deemed to have interest in 17,344,000 shares of the Company under the SFO. Oaktree Fund GP I, L.P. is wholly-owned by Oaktree Capital I, L.P. By virtue of Oaktree Fund GP I, L.P.'s indirect interest in the Company, Oaktree Capital I, L.P. is deemed to have interest in 17,344,000 shares of the Company under SFO. Oaktree Capital I, L.P. is wholly-owned by OCM Holdings I, LLC. By virtue of Oaktree Capital I, L.P.'s indirect interest in the Company, OCM Holdings I, LLC is deemed to have interest in 17,344,000 shares of the Company under SFO. OCM Holdings I, LLC is wholly-owned by Oaktree Holdings, LLC. By virtue of OCM Holdings I, LLC's indirect interest in the Company, Oaktree Holdings, LLC is deemed to have interest in 17,344,000 shares of the Company under SFO. Oaktree Holdings, LLC is wholly-owned by Oaktree Capital Group, LLC. By virtue of Oaktree Holdings, LLC's indirect interest in the Company, Oaktree Capital Group, LLC is deemed to have interest in 17,344,000 shares of the Company under SFO. Oaktree Capital Group, LLC is wholly-owned by Oaktree Capital Group Holdings, L.P. By virtue of Oaktree Capital Group, LLC's indirect interest in the Company, Oaktree Capital Group Holdings, L.P. is deemed to have interest in 17,344,000 shares of the Company under SFO. Oaktree Capital Group Holdings, L.P. is wholly-owned by Oaktree Capital Group Holdings GP, LLC. By virtue of Oaktree Capital Group Holdings, L.P.'s indirect interest in the Company, Oaktree Capital Group Holdings GP, LLC is deemed to have interest in 17,344,000 shares of the Company under SFO.
5. As at 31 March 2009, Oaktree Capital Management L.P., which is wholly owned by Oaktree Holdings, Inc, is an investment manager.
6. As at 31 March 2009, 15,778,000 shares of the Company were held by Deutsche Bank Aktiengesellschaft as security interest.
7. As at the date of filing the substantial shareholder notice on 20 October 2008 filed by Lim Mee Hwa, Queensland Investment Corporation, Yeoman 3-Rights Value Asia Fund and BMT Yeoman Client 2, all of them are wholly owned by Yeoman Capital Management Pte Ltd, hold 5,500,000 shares, 6,240,000 shares and 350,000 shares in the Company respectively. 35% of the equity interests of Yeoman Capital Management Pte Ltd is held by Lim Mee Hwa. By virtue of the SFO, Lim Mee Hwa is deemed to be interested in the same 12,090,000 shares in the Company held by Queensland Investment Corporation, Yeoman 3-Rights Value Asia Fund and BMT Yeoman Client 2. In addition, 200,000 shares of the Company were held directly by Lim Mee Hwa, and 950,000 shares of the Company were held by Yeo Seng Chong, the spouse of Lim Mee Hwa. By virtue of the SFO, Lim Mee Hwa, being the spouse of Yeo Seng Chong, is also deemed to be interested in the same 950,000 shares of the Company held by Yeo Seng Chong.
8. As at the date of filing the substantial shareholder notice on 20 October 2008 filed by Yeo Seng Chong, Queensland Investment Corporation, Yeoman 3-Rights Value Asia Fund and BMT Yeoman Client 2, all of them are wholly owned by Yeoman Capital Management Pte Ltd, hold 5,500,000 shares, 6,240,000 shares and 350,000 shares in the Company respectively. 35% of the equity interests of Yeoman Capital Management Pte Ltd is held by Yeo Seng Chong. By virtue of the SFO, Yeo Seng Chong is deemed to be interested in the same 12,090,000 shares in the Company held by Queensland Investment Corporation, Yeoman 3-Rights Value Asia Fund and BMT Yeoman Client 2. In addition, 950,000 shares of the Company were held directly by Yeo Seng Chong, and 200,000 shares of the Company were held by Lim Mee Hwa, the spouse of Yeo Seng Chong. By virtue of the SFO, Yeo Seng Chong, being the spouse of Lim Mee Hwa, is also deemed to be interested in the same 200,000 shares of the Company held by Lim Mee Hwa.
9. As at the date of filing the substantial shareholder notice on 30 December 2008, Queensland Investment Corporation, Yeoman 3-Rights Value Asia Fund and BMT Yeoman Client 2, all of them are wholly owned by Yeoman Capital Management Pte Ltd, an investment manager, hold 5,900,000 shares, 6,900,000 shares and 350,000 shares in the Company respectively. By virtue of the SFO, Yeoman Capital Management Pte Ltd, being the holding company of Queensland Investment Corporation, Yeoman 3-Rights Value Asia Fund and BMT Yeoman Client 2, is deemed to be interested in the same 13,150,000 shares in the Company.
10. As at 31 March 2009, of the 13,166,000 shares of the Company held by David Michael Webb, 10,814,000 shares of the Company were held through his wholly owned company, Preferable Situation Assets Limited, while 2,352,000 shares of the Company were held directly by him. By virtue of Preferable Situation Assets Limited's interests in the Company, David Michael Webb is deemed to be interested in the same 10,814,000 shares of the Company held by Preferable Situation Assets Limited under the SFO.

All the interests stated above represent long position. Save as disclosed above, as at 31 March 2009, no other person had an interest or short position in the shares and underlying shares of the Company which were recorded in the register required to be kept under Section 336 of the SFO, or was otherwise a substantial shareholder of the Company.

Appointment of Independent Non-executive Directors

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

Emolument Policy

The emolument policy of the employees of the Group is set up by the Remuneration Committee, on the basis of their merit, qualifications and competence.

The emoluments of the Directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and/or comparable market statistics.

The Company has adopted share option schemes as an incentive to directors and eligible employees, details of the scheme are set out in note 23 to the consolidated financial statements.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the year ended 31 March 2009.

Purchase, Sale or Redemption of the Company's Listed Securities

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

Corporate Governance

The corporate governance report is set out on pages 17 to 19.

Auditor

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company.

On behalf of the Board
Ku Ngai Yung, Otis
Chairman

Hong Kong, 10 July 2009

Independent Auditor's Report

Deloitte.
德勤

TO THE SHAREHOLDERS OF SUN HING VISION GROUP HOLDINGS LIMITED
新興光學集團控股有限公司
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Sun Hing Vision Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 27 to 59, which comprise the consolidated balance sheet as at 31 March 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

10 July 2009

Consolidated Income Statement

For the year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Revenue	*7*	**1,063,178**	1,044,024
Cost of sales		**(787,131)**	(738,080)
Gross profit		**276,047**	305,944
Other income, gains and losses	*8*	**9,644**	(288)
Selling and distribution costs		**(26,774)**	(24,092)
Administrative expenses		**(133,868)**	(125,477)
Surplus on revaluation of leasehold land and buildings		**–**	192
Profit before taxation		**125,049**	156,279
Income tax expense	*9*	**(10,014)**	(14,858)
Profit for the year	*10*	**115,035**	141,421
Dividends	*13*	**49,928**	50,716
Earnings per share	*14*		
Basic		**HK44 cents**	HK54 cents

Consolidated Balance Sheet

At 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*15*	**276,432**	266,642
Prepaid lease payments	*16*	**3,863**	3,955
Time deposit	*17*	**11,700**	11,700
		291,995	282,297
CURRENT ASSETS			
Inventories	*18*	**133,919**	172,552
Trade and other receivables	*19*	**252,935**	258,341
Prepaid lease payments	*16*	**91**	91
Tax recoverable		**3,164**	–
Bank balances and cash	*20*	**262,285**	222,166
		652,394	653,150
CURRENT LIABILITIES			
Trade and other payables	*21*	**134,455**	185,089
Taxation payable		**–**	1,308
		134,455	186,397
NET CURRENT ASSETS		**517,939**	466,753
		809,934	749,050
CAPITAL AND RESERVES			
Share capital	*22*	**26,278**	26,278
Reserves		**778,118**	715,809
		804,396	742,087
NON-CURRENT LIABILITY			
Deferred taxation	*24*	**5,538**	6,963
		809,934	749,050

The consolidated financial statements on pages 27 to 59 were approved and authorised for issue by the Board of Directors on 10 July 2009 and are signed on its behalf by:

Ku Ngai Yung, Otis
Director

Ku Ka Yung
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2009

	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000	Property revaluation reserve HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2007	26,278	78,945	18,644	1,320	662	522,151	648,000
Surplus on revaluation of leasehold land and buildings	–	–	–	4,100	–	–	4,100
Deferred tax liability arising on revaluation of leasehold land and buildings	–	–	–	(718)	–	–	(718)
Net income recognised directly in equity	–	–	–	3,382	–	–	3,382
Profit for the year	–	–	–	–	–	141,421	141,421
Total recognised income for the year	–	–	–	3,382	–	141,421	144,803
Release upon lapse of vested option	–	–	–	–	(126)	126	–
Dividends recognised as distribution	–	–	–	–	–	(50,716)	(50,716)
At 31 March 2008	26,278	78,945	18,644	4,702	536	612,982	742,087
Deficit on revaluation of leasehold land and buildings	–	–	–	(3,426)	–	–	(3,426)
Reversal of deferred tax liability arising on revaluation of leasehold land and buildings	–	–	–	565	–	–	565
Effect of change in tax rate	–	–	–	63	–	–	63
Net income recognised directly in equity	–	–	–	(2,798)	–	–	(2,798)
Profit for the year	–	–	–	–	–	115,035	115,035
Total recognised income for the year	–	–	–	(2,798)	–	115,035	112,237
Dividends recognised as distribution	–	–	–	–	–	(49,928)	(49,928)
At 31 March 2009	26,278	78,945	18,644	1,904	536	678,089	804,396

Note: *Special reserve of the Group represents the difference between the aggregate amount of the nominal value of shares, the share premium and the reserves of subsidiaries acquired and the nominal amount of the shares issued by the Company pursuant to a group reorganisation.*

Consolidated Cash Flow Statement

For the year ended 31 March 2009

	2009 HK$'000	2008 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**125,049**	156,279
Adjustments for:		
Bad debts written off	**6,906**	4,969
Bank interest income	**(4,046)**	(7,635)
Surplus on revaluation of leasehold land and buildings	**–**	(192)
Depreciation of property, plant and equipment	**48,823**	44,182
Release of prepaid lease payments	**92**	92
Allowance for inventory	**12,034**	6,962
Bad debts recovered	**(1,728)**	(2,212)
Operating cash flows before movements in working capital	**187,130**	202,445
Decrease (increase) in inventories	**26,599**	(11,919)
Decrease (increase) in trade and other receivables	**228**	(23,550)
(Decrease) increase in trade and other payables	**(50,634)**	33,987
Cash generated from operations	**163,323**	200,963
Income taxes paid	**(15,283)**	(20,713)
NET CASH FROM OPERATING ACTIVITIES	**148,040**	180,250
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(62,039)**	(62,569)
Interest received	**4,046**	7,635
Decrease in time deposit	**–**	15,600
NET CASH USED IN INVESTING ACTIVITIES	**(57,993)**	(39,334)
FINANCING ACTIVITY		
Dividends paid	**(49,928)**	(50,716)
CASH USED IN FINANCING ACTIVITY	**(49,928)**	(50,716)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**40,119**	90,200
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**222,166**	131,966
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**262,285**	222,166

Notes to the Consolidated Financial Statements

For the year ended 31 March 2009

1. General

The Company is incorporated in Bermuda as an exempted company with limited liability under The Companies Act 1981 of Bermuda (as amended) and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent and ultimate holding company is United Vision International Limited, a company incorporated in British Virgin Islands ("BVI"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 30 to the consolidated financial statements.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRS(s)")

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective.

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 the new HKFRSs has had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible Hedged Items[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[3]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded Derivatives[5]
HK(IFRIC) – INT 13	Customer Loyalty Programmes[6]
HK(IFRIC) – INT 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC) – INT 16	Hedges of a Net Investment in a Foreign Operation[7]
HK(IFRIC) – INT 17	Distributions of Non-cash Assets to Owners[4]
HK(IFRIC) – INT 18	Transfers of Assets from Customers[8]

[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, 1 July 2009 and 1 January 2010, as appropriate*
[3] *Effective for annual periods beginning on or after 1 January 2009*
[4] *Effective for annual periods beginning on or after 1 July 2009*
[5] *Effective for annual periods ending on or after 30 June 2009*
[6] *Effective for annual periods beginning on or after 1 July 2008*
[7] *Effective for annual periods beginning on or after 1 October 2008*
[8] *Effective for transfers on or after 1 July 2009*

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRS(s)")

(continued)

The application of HKFRS 3 (Revised) "Business Combinations" 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) "Consolidated and Separate Financial Statements" will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

Other than as disclosed above, the directors of the Group anticipate that the application of the other new or revised standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

3. Significant Accounting Policies

The consolidated financial statements have been prepared on the historical cost basis except for certain leasehold land and buildings, which are measured at revalued amounts, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Revenue recognition

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 sales related taxes.

Revenue from sales of goods are recognised when goods are delivered and title has passed.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. Significant Accounting Policies (continued)

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated balance sheet at their revalued amounts, being the fair values at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of land and buildings is credited to the property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the consolidated income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the property revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

Other property, plant and equipment, other than construction in progress, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost or fair value of items of property, plant and equipment, other than construction in progress, over their estimated useful lives and after taking into account of their estimated residual values, using the straight line method.

Construction in progress represents property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Rentals payable under operating leases are charged to the consolidated income statement on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight line basis.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases.

3. Significant Accounting Policies (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in consolidated income statement in the period in which they arise.

Retirement benefit costs

Payments to defined contribution retirement benefit scheme and state-managed retirement benefit scheme are charged as expenses when employees have rendered services entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes consolidated income statement items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Impairment losses

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

3. Significant Accounting Policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in consolidated income statement.

Financial assets

The Group's financial assets are classified as loans and receivables. All regular way purchases or sales of financial assets are recognised or derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including time deposit, trade and other receivables and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Loan and receivables are assessed for indicators of impairment at each balance sheet date. Loan and receivables are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loan and receivable, the estimated future cash flows of the loan and receivables have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of loan and receivable, such as trade receivables, that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of trade receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days to 90 days, observable changes in national or local economic conditions that correlate with default on trade receivables.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2009

(continued)

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

The carrying amount of the loan and receivable is reduced by the impairment loss directly with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities representing trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

3. Significant Accounting Policies (continued)

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight line basis over the vesting period, with a corresponding increase in share option reserve.

At each balance sheet date, the Company revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss with a corresponding adjustment to share option reserve.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will continue to be held in share option reserve.

4. Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumption concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Estimated impairment of trade receivable

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2009, the carrying amount of trade receivables is HK$246,250,000 (31 March 2008: HK$248,790,000).

Inventory valuation

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Market price of merchandises is generally the selling price of similar items transacted in the market. The Group reviews its inventory levels in order to identify slow-moving and obsolete inventories. When the Group identifies items of inventories which have a market price that is lower than its carrying amount, the Group accounts for the inventory loss in the consolidated income statement as write down of inventories. Included in cost of sales is an amount of approximately HK$12,034,000 (2008: HK$6,962,000) in respect of a write-down of raw materials, work in progress and finished goods to their estimated net realisable values.

5. Capital Risk Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained profits as disclosed in consolidated statement of changes in equity.

The directors of the Company review the capital structure periodically. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends.

6. Financial Instruments

6a. Categories of financial instruments

	2009 HK$'000	2008 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**523,165**	486,433
Financial liabilities		
Amortised cost	**87,973**	119,979

6b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, time deposits, bank balances and cash, and trade and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The Group has foreign currency sales and purchases denominated in United States dollars ("USD"), Renminbi ("RMB"), Euro ("EUR") and Japanese Yen ("JPY"), which expose the Group to market risk arising from changes in foreign exchange rates.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000
USD	**499,989**	441,649	**14,110**	21,591
RMB	**6,738**	5,565	**30,557**	36,907
EUR	**185**	1,315	**4,404**	7,512
JPY	**1,370**	1,297	**3,731**	5,610

The Group and the Company currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Sensitivity analysis

The Group is mainly exposed to the fluctuation of relevant foreign currency against Hong Kong Dollars ("HKD").

6. Financial Instruments (continued)

6b. Financial risk management objectives and policies (continued)

Market risk (continued)

(i) *Currency risk* (continued)

Sensitivity analysis (continued)

The following table details the Group's sensitivity to a 5% increase and decrease in foreign currency against the functional currency of the relevant group entities (i.e. HKD). 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding relevant foreign currency except USD as the directors consider that the Group's exposure to USD is insignificant on the ground that HKD is pegged to USD. The sensitivity analysis adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit before tax for the year where the relevant foreign currency weaken 5% against HKD. For a 5% strengthen of the relevant foreign currency against HKD, there would be an equal and opposite impact on the profit before tax for the year.

	2009 HK$'000	2008 HK$'000
RMB impact	**1,191**	1,567
EUR impact	**211**	310
JPY impact	**118**	216

(ii) *Interest rate risk*

The Group's exposures to interest rates on financial assets are detailed in the liquidity risk management section of this note.

The directors consider the Group's exposure of the bank balances and time deposit to interest rate risk is insignificant as interest bearing bank balances and time deposit are within short maturity period and the fluctuation of market interest rate is not expected to be significant. Thus, no sensitivity analysis is prepared.

Credit risk

As at 31 March 2009, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is represented by the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet. The Group's credit risk is primarily attributable to its trade and other receivables and bank balances.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has concentration of credit risks with exposure limited to certain counterparties and customers. As at 31 March 2009, five (2008: five) customers that are located in Europe accounted for HK$147,796,000 (31 March 2008: HK$147,368,000) of the Group's trade receivables. Apart from delegating a team for determining the credit limits, credit approval and other monitoring procedures on customers, the Group had also explored new markets and new customers in order to minimise the concentration of credit risk.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

6. Financial Instruments (continued)

6b. Financial risk management objectives and policies (continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes principal cash flows.

Liquidity table

	Less than 1 month	1-3 months	3 months to 1 years	Total undiscounted cash flows	Carrying amount at 31.3.2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2009					
Non-derivative financial instruments					
Trade and other payables	**52,710**	**26,941**	**8,322**	**87,973**	**87,973**

	Less than 1 month	1-3 months	3 months to 1 years	Total undiscounted cash flows	Carrying amount at 31.3.2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2008					
Non-derivative financial instruments					
Trade and other payables	65,831	45,443	8,705	119,979	119,979

6c. Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values at balance sheet date.

7. Segment Information

Revenue represents the net amounts received and receivable for goods sold to outside customers during the year.

(a) 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.

(b) Geographical segments

The Group's operations and assets are located in Hong Kong and elsewhere in the People's Republic of China (the "PRC").

The analysis of segment information of the Group by geographical location of customers is presented as below:

Consolidated Income Statement
For the year ended 31 March 2009

	Europe HK$'000	United States HK$'000	Asia HK$'000	Other regions HK$'000	Consolidated HK$'000
EXTERNAL REVENUE	528,368	403,035	101,454	30,321	1,063,178
RESULT					
Segment result	91,754	73,185	9,322	2,791	177,052
Bank interest income					4,046
Other income					6,772
Unallocated corporate expenses					(62,821)
Profit before taxation					125,049
Income tax expense					(10,014)
Profit for the year					115,035

Consolidated Balance Sheet
As at 31 March 2009

	Europe HK$'000	United States HK$'000	Asia HK$'000	Other regions HK$'000	Consolidated HK$'000
ASSETS					
Segment assets	131,868	80,121	29,643	4,618	246,250
Unallocated corporate assets					698,139
Consolidated total assets					944,389
LIABILITIES					
Unallocated corporate liabilities					139,993

7. Segment Information (continued)

(b) Geographical segments (continued)

Consolidated Income Statement

For the year ended 31 March 2008

	Europe	United States	Asia	Other regions	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
EXTERNAL REVENUE	515,782	395,959	106,865	25,418	1,044,024
RESULT					
Segment result	99,993	83,670	9,908	2,826	196,397
Bank interest income					7,635
Other income					3,182
Surplus on revaluation of leasehold land and buildings					192
Unallocated corporate expenses					(51,127)
Profit before taxation					156,279
Income tax expense					(14,858)
Profit for the year					141,421

Consolidated Balance Sheet

As at 31 March 2008

	Europe	United States	Asia	Other regions	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS					
Segment assets	126,605	84,987	32,658	4,540	248,790
Unallocated corporate assets					686,657
Consolidated total assets					935,447
LIABILITIES					
Unallocated corporate liabilities					193,360

Approximately 90% of the segment information for the European segment of the Group is contributed by Italy in both years.

7. Segment Information (continued)

(b) Geographical segments (continued)

In addition to the analysis by the geographical location of its customers, the following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located which is different from the geographical location of the customers.

	Carrying amounts of segment assets		Additions to property, plant and equipment	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Hong Kong	**264,091**	291,694	**675**	1,554
The PRC	**406,313**	409,887	**61,364**	61,015
	670,404	701,581	**62,039**	62,569

8. Other Income, Gains and Losses

	2009 HK$'000	2008 HK$'000
Bank interest income	**4,046**	7,635
Bad debts recovered	**1,728**	2,212
Net foreign exchange losses	**(1,174)**	(11,105)
Release of provision for litigation loss *(note 21)*	**4,300**	–
Others	**744**	970
	9,644	(288)

9. Income Tax Expense

	2009 HK$'000	2008 HK$'000
The charge comprises:		
Current tax		
– Hong Kong	**11,123**	15,093
– PRC Enterprise Income Tax	**55**	306
Overprovision in previous years		
– Hong Kong	**(367)**	(85)
	10,811	15,314
Deferred taxation *(note 24)*		
– Current year	**(432)**	(456)
– Attributable to a change in tax rate	**(365)**	–
	(797)	(456)
	10,014	14,858

9. Income Tax Expense (continued)

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profit for the year.

PRC Enterprise Income Tax is calculated at the applicable rates in accordance with the relevant laws and regulations in the PRC.

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, 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 years.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax ("New Tax Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Tax Law. Under the New Tax Law and Implementation Regulation, the Enterprise Income Tax rate of the Company's subsidiaries in the PRC was changed to 25% from 1 January 2008 onwards.

The tax charge for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2009 **HK$'000**	2008 HK$'000
Profit before taxation	**125,049**	156,279
Tax at the Hong Kong Profits Tax rate of 16.5% (2008: 17.5%)	**20,633**	27,349
Tax effect of income not assessable in determining taxable profit	**(1,383)**	(1,216)
Tax effect of expenses not deductible in determining taxable profit	**143**	227
Overprovision in respect of prior years	**(367)**	(85)
Tax effect of Hong Kong Profits Tax on 50:50 apportionment basis	**(9,200)**	(12,628)
Tax effect of tax losses not recognised	**534**	1,103
Effect of different tax rates of operation in other jurisdictions	**19**	108
Decrease in opening deferred tax liability resulting from a decrease in applicable tax rate	**(365)**	–
Tax charge for the year	**10,014**	14,858

Details of the deferred taxation are set out in note 24.

10. Profit for the Year

	2009 HK$'000	2008 HK$'000
Profit for the year has been arrived at after charging:		
Auditor's remuneration	**1,380**	1,250
Bad debts written off	**6,906**	4,969
Cost of inventories recognised as expense	**787,131**	738,080
Depreciation of property, plant and equipment	**48,823**	44,182
Release of prepaid lease payments	**92**	92
Staff cost		
– directors' emoluments *(note 11)*	**5,198**	5,758
– other staff costs, mainly salaries	**250,653**	236,432
– retirement benefit scheme contribution excluding those of directors'	**10,075**	5,188
	265,926	247,378

11. Directors' Emoluments

The emoluments paid or payable to each of the ten (2008: ten) directors were as follows:

	Year ended 31 March 2009			
	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contribution HK$'000	Total HK$'000
Executive directors				
Ku Ngai Yung, Otis	**141**	**528**	**13**	**682**
Ku Ka Yung	**181**	**504**	**13**	**698**
Ku Ling Wah, Phyllis	**168**	**282**	**20**	**470**
Tsang Wing Leung, Jimson	**462**	**294**	**30**	**786**
Chan Chi Sun	**646**	**294**	**33**	**973**
Ma Sau Ching	**654**	**342**	**35**	**1,031**
	2,252	**2,244**	**144**	**4,640**
Non-executive director				
Ku Yiu Tung	**198**	**–**	**–**	**198**
Independent non-executive directors				
Lo Wa Kei, Roy	**120**	**–**	**–**	**120**
Lee Kwong Yiu	**120**	**–**	**–**	**120**
Wong Che Man, Eddy	**120**	**–**	**–**	**120**
	360	**–**	**–**	**360**
	2,810	**2,244**	**144**	**5,198**

11. Directors' Emoluments (continued)

	Year ended 31 March 2008			
	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contribution HK$'000	Total HK$'000
Executive directors				
Ku Ngai Yung, Otis	341	528	6	875
Ku Ka Yung	331	504	6	841
Ku Ling Wah, Phyllis	176	372	20	568
Tsang Wing Leung, Jimson	494	294	30	818
Chan Chi Sun	680	294	31	1,005
Ma Sau Ching	718	342	33	1,093
	2,740	2,334	126	5,200
Non-executive director				
Ku Yiu Tung	198	–	–	198
Independent non-executive directors				
Lo Wa Kei, Roy	120	–	–	120
Lee Kwong Yiu	120	–	–	120
Wong Che Man, Eddy	120	–	–	120
	360	–	–	360
	3,298	2,334	126	5,758

No directors waived any emoluments in both years.

12. Employees' Emoluments

The five highest paid individuals in the Group in 2009 and 2008 were all directors of the Company, whose emoluments are included in the disclosures as above.

During the years ended 31 March 2009 and 31 March 2008, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. Dividends

	2009 HK$'000	2008 HK$'000
Final, paid – HK10.0 cents per share for 2008 (2008: HK10.0 cents per share for 2007)	**26,278**	26,278
Special final, paid – HK3.0 cents per share for 2008 (2008: HK2.0 cents per share for 2007)	**7,883**	5,255
Interim, paid – HK4.5 cents per share for 2009 (2008: HK4.5 cents per share for 2008)	**11,825**	11,825
Special interim, paid – HK1.5 cents per share for 2009 (2008: HK2.8 cents per share for 2008)	**3,942**	7,358
	49,928	50,716

The final dividend of HK10.0 cents (2008: HK10.0 cents) per share and a special final dividend of HK1.5 cents (2008: HK3.0 cents) per share in respect of the year ended 31 March 2009 has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

14. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2009 HK$'000	2008 HK$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**115,035**	141,421
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**262,778,286**	262,778,286

No diluted earnings per share has been presented because the exercise price of the Group's option was higher than the average market price for shares for 2009 and 2008.

15. Property, Plant and Equipment

	Leasehold land and buildings in Hong Kong under medium-term leases HK$'000	Buildings in the PRC under medium-term leases HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST OR VALUATION								
At 1 April 2007	9,600	87,695	62,062	216,078	71,635	5,716	11,841	464,627
Additions	–	–	9,530	26,135	6,037	–	20,867	62,569
Surplus on revaluation	4,100	–	–	–	–	–	–	4,100
Transfers	–	–	20,939	1,215	1,582	–	(23,736)	–
Adjustment on valuation	–	(1,874)	–	–	–	–	–	(1,874)
At 31 March 2008	13,700	85,821	92,531	243,428	79,254	5,716	8,972	529,422
Additions	–	–	7,074	25,142	6,008	752	23,063	62,039
Deficit on revaluation	(3,700)	–	–	–	–	–	–	(3,700)
Transfers	–	–	13,056	7,476	1,470	–	(22,002)	–
Adjustment on valuation	–	(1,874)	–	–	–	–	–	(1,874)
At 31 March 2009	10,000	83,947	112,661	276,046	86,732	6,468	10,033	585,887
Comprising:								
At cost	–	–	112,661	276,046	86,732	6,468	10,033	491,940
At valuation – 2009	10,000	83,947	–	–	–	–	–	93,947
	10,000	83,947	112,661	276,046	86,732	6,468	10,033	585,887
Comprising:								
At cost	–	–	92,531	243,428	79,254	5,716	8,972	429,901
At valuation – 2008	13,700	85,821	–	–	–	–	–	99,521
	13,700	85,821	92,531	243,428	79,254	5,716	8,972	529,422
DEPRECIATION								
At 1 April 2007	–	–	32,509	133,223	51,429	3,503	–	220,664
Provided for the year	192	1,874	10,147	22,787	8,525	657	–	44,182
Eliminated on revaluation	(192)	–	–	–	–	–	–	(192)
Adjustment on valuation	–	(1,874)	–	–	–	–	–	(1,874)
At 31 March 2008	–	–	42,656	156,010	59,954	4,160	–	262,780
Provided for the year	274	1,874	12,184	26,132	7,611	748	–	48,823
Eliminated on revaluation	(274)	–	–	–	–	–	–	(274)
Adjustment on valuation	–	(1,874)	–	–	–	–	–	(1,874)
At 31 March 2009	–	–	54,840	182,142	67,565	4,908	–	309,455
CARRYING VALUES								
At 31 March 2009	10,000	83,947	57,821	93,904	19,167	1,560	10,033	276,432
At 31 March 2008	13,700	85,821	49,875	87,418	19,300	1,556	8,972	266,642

15. Property, Plant and Equipment (continued)

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight line basis at the following rates per annum:

Buildings	Over the estimated useful lives of 50 years or the term of leases, whichever is shorter
Leasehold improvements	10% – 20% or the lease term, whichever is shorter
Plant and machinery	10% – 20%
Furniture and fixtures	20%
Motor vehicles	20%

The fair values of the Group's leasehold land and buildings located in Hong Kong and buildings located in the PRC at 31 March 2009 have been arrived at on the basis of a valuation carried out on that date by BMI Appraisals Limited, independent qualified professional valuer not connected with the Group. BMI Appraisals Limited is a member of the Hong Kong Institute of Surveyors ("HKIS"), and has appropriate qualifications and recent experiences in valuation of similar properties in the relevant locations. The valuation of the leasehold land and buildings located in Hong Kong, which conforms to HKIS valuation standards on properties, was arrived at by reference to market evidence of recent transaction prices for similar properties. The valuation of the buildings in the PRC was arrived at depreciated replacement cost basis.

As at 31 March 2009, the total deficit on revaluation of HK$3,426,000 has been charged to the property revaluation reserve in equity.

As at 31 March 2008, out of the total surplus on revaluation of HK$4,292,000, HK$192,000 has been credited to the consolidated income statement and HK$4,100,000 has been credited to the property revaluation reserve in equity.

If the leasehold land and buildings located in Hong Kong and PRC had not been revalued, they would have been included in these consolidated financial statements at historical cost less accumulated depreciation at approximately HK$6,203,000 (2008: HK$6,363,000) for land and buildings located in Hong Kong and HK$83,947,000 (2008: HK$85,821,000) for buildings located in PRC.

With respect to the land and buildings situated in Hong Kong under medium-term leases, the directors are of the opinion that the allocation of cost between the land and building elements cannot be made reliably, accordingly, the leasehold land has not been separately presented as prepaid lease payments.

16. Prepaid Lease Payments

Prepaid lease payments represent land use rights held under medium-term lease in the PRC. They are analysed for reporting purposes as:

	2009 HK$'000	2008 HK$'000
Non-current asset	**3,863**	3,955
Current asset	**91**	91
	3,954	4,046

Notes to the Consolidated Financial Statements

For the year ended 31 March 2009

(continued)

17. Time Deposit

The deposit is denominated in United States dollars, foreign currency of the relevant group entity, with an initial term of ten years. The deposit carries interests determined by formulae with reference to the LIBOR. The deposit was early terminated on 5 May 2009.

18. Inventories

	2009 HK$'000	2008 HK$'000
Raw materials	**32,146**	66,100
Work in progress	**72,852**	81,405
Finished goods	**28,921**	25,047
	133,919	172,552

19. Trade and Other Receivables

The Group allows an average credit period of 30 to 90 days to its customers. The following is an aged analysis of trade receivables at the reporting date:

	2009 HK$'000	2008 HK$'000
Trade receivables		
Current	**205,808**	208,576
Overdue up to 90 days	**37,793**	37,894
Overdue more than 90 days	**2,649**	2,320
	246,250	248,790
Prepayments	**3,755**	5,774
Other receivables	**2,930**	3,777
Trade and other receivables	**252,935**	258,341

The Group's trade and other receivables that are denominated in currencies other than functional currencies of the relevant group entities are set out below:

	2009 HK$'000	2008 HK$'000
USD	**244,788**	246,950
RMB	**1,757**	484

19. Trade and Other Receivables (continued)

No interest is charged on the trade debtors. The Group has provided fully for all receivables over 360 days because historical experience is such that receivables that are past due beyond 360 days are generally not recoverable. Trade debtors between 60 days and 360 days are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Before accepting any new customer, the Group carries out research on the creditability of new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed at least once a year. Trade debtors that are neither past due nor impaired have good track records with the Group.

Included in the Group's trade debtor balance are debtors with a carrying amount of HK$40,442,000 (2008: HK$40,214,000) which are past due at the reporting date for which the Group has not provided for impairment loss, as there has not been a significant change in credit quality and the amounts are still considered recoverable based on the historical experience. The Group does not hold any collateral over these balances.

20. Bank Balances and Cash

Bank balances and cash comprise cash held by the Group and short-term bank deposits that are interest-bearing at variable market interest rates ranging from 0.01% to 4% (2008: 1.45% to 5.61%) per annum and have maturity of three months or less.

The Group's bank balances that is denominated in currencies other than the functional currencies are set out below:

	Bank balance	
	2009	2008
	HK$'000	HK$'000
USD	**243,501**	182,999
RMB	**4,981**	5,080
EUR	**185**	1,315
JPY	**1,370**	1,297

21. Trade and Other Payables

The following is an aged analysis of trade payables at the balance sheet date:

	2009 HK$'000	2008 HK$'000
Trade payables		
Current and overdue up to 90 days	**80,993**	111,729
Overdue more than 90 days	**1,795**	2,789
	82,788	114,518
Accruals	**46,482**	65,110
Other payables	**5,185**	5,461
	134,455	185,089

The Group's trade and other payables that are denominated in currencies other than functional currencies of the relevant group entities are set out below:

	2009 HK$'000	2008 HK$'000
USD	**14,110**	21,591
RMB	**30,557**	32,847
EUR	**4,404**	7,512
JPY	**3,731**	5,610

As at 31 March 2008, included in accruals was an amount of provision of approximately HK$4,300,000 made against a legal claim. In October 2005, the liquidating trustee of a customer of the Group, which is under a voluntary petition for bankruptcy relief under the United States Bankruptcy Code and applicable state law ("State Law"), commenced an adversary proceeding against the Group. The liquidating trustee seeks to recover from the Group an amount which is alleged to be preferential transfer under the State Law. As a result, provision for this claim was made in the consolidated financial statements for the year ended 31 March 2006. During the current year, the court dismissed the adversary proceeding and the Group is not required to pay any consideration for settlement. The provision of HK$4,300,000 was therefore released to the consolidated income statement for the year.

22. Share Capital of the Company

	Number of ordinary shares	Nominal amount HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 April 2007, 31 March 2008 and 31 March 2009	500,000,000	50,000
Issued and fully paid:		
At 31 March 2007, 31 March 2008 and 31 March 2009	262,778,286	26,278

23. Share Options

Pursuant to a resolution passed on 6 September 2004, the Company's share option scheme adopted on 4 May 1999 (the "Old Share Option Scheme") was terminated and a new share option scheme (the "New Share Option Scheme") was adopted in order to comply with the amendments to Chapter 17 of the Listing Rules in relation to share option scheme.

Old Share Option Scheme

The Company's Old Share Option Scheme was adopted for the primary purpose of providing incentives to eligible employees and expired on 6 September 2004. Under the Old Share Option Scheme, the board of directors of the Company may at their discretion grant options to eligible full-time employees of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Old Share Option Scheme is not permitted to exceed 10% of the issued share capital of the Company at any point in time but excluding shares issued pursuant to the Old Share Option Scheme. No employee shall be granted a share option which, if exercised in full, would result in such employee becoming entitled to subscribe for more than 25% of the aggregate number of shares for the time being issued and issuable under the Old Share Option Scheme.

Options granted must be taken up before the date specified in the offer and the expiry of the Old Share Option Scheme, whichever is the earlier, upon payment of HK$10 per grant of options. Options may generally be exercised at any time from the date of grant to the earlier of the fifth anniversary of the date of grant and the tenth anniversary of the date of adoption of the Old Share Option Scheme. No option may be granted to an individual until he or she shall have completed half year's full-time service with the Company or its subsidiaries. The exercise price is determined by the directors of the Company, and will not be less than the higher of the nominal value of the shares of the Company and 80% of the average closing price of the shares for the five trading days immediately preceding the date of grant. No further share options can be granted upon termination of the Old Share Option Scheme but the existing outstanding share options will continue to be valid and exercisable in accordance with the provisions of the Old Share Option Scheme.

23. Share Options (continued)

Old Share Option Scheme (continued)

The following tables disclose details of the Company's share options which were granted under the Old Share Option Scheme held by a director and employees during the years ended 31 March 2009 and 2008:

			Number of share options				
Option type	**Date of grant**	**Exercisable period**	**Outstanding at 1.4.2007**	**Exercised during the year**	**Forfeited during the year**	**Outstanding at 31.3.2008, 1.4.2008 and 31.3.2009**	**Exercise price** HK$
2004 – employees	2 April 2004	2 April 2004 to 1 April 2009 (Notes 1&2)	1,200,000	–	(100,000)	1,100,000	3.50
			1,200,000	–	(100,000)	1,100,000	
Exercisable at the end of year			420,000			385,000	

Notes:

1. All the options have been vested immediately.
2. Each grantee might only exercise his/her option to subscribe for up to 35% of the total number of shares pursuant to the option granted to him/her after 2 April 2005. The remaining balance, together with the balance (if any) that he/she had not exercised previously would be exercisable by him/her after 2 April 2007.

During the years ended 31 March 2009 and 31 March 2008, there were no share options granted to the Company's directors and employees under the Old Share Option Scheme. In addition, 100,000 share options had been forfeited upon resignation of certain employees during the year ended 31 March 2008.

The Group applies HKFRS 2 "Share-based Payment" retrospectively to share options that were granted after 7 November 2002 and had not yet vested on 1 April 2005. The estimated fair values of the share options granted on 2 April 2004 were HK$0.49.

New Share Option Scheme

The purpose of the New Share Option Scheme is to attract and retain high calibre employees, and to motivate them towards higher levels of performance. Under the New Share Option Scheme, the board of directors of the Company shall be entitled to, in its absolute discretion, grant options to eligible employees of the Company, or any of its subsidiaries, to subscribe for shares in the Company at a price which shall be the highest of (i) the closing price of the Company's shares quoted on the Stock Exchange on the date of offer of the share options; (ii) the average of the closing prices of the Company's shares quoted on the Stock Exchange on the five business days immediately preceding the date of offer of the share options; and (iii) the nominal value of the shares. The New Share Option Scheme will expire on 5 September 2014.

An option may be exercised at any time during the period to be determined and notified by the board of directors to the grantee. Such period may commence on the date after the date of acceptance of such option to the tenth anniversary from the date of acceptance of that option. A consideration of HK$1 is payable upon acceptance of the offer.

23. Share Options (continued)

New Share Option Scheme (continued)

The maximum number of shares in respect of which options may be granted under the New Share Option Scheme and any other share option scheme established by the Company, if any, is 24,723,920, representing 10% of the issued share capital of the Company at the date of approval of the New Share Option Scheme. The total maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option scheme, if any, shall not exceed 10% of the issued share capital of the Company from time to time.

No share options have been granted, exercised, cancelled or lapsed under the New Share Option Scheme since its adoption.

24. Deferred Taxation

The following are the major deferred tax liabilities (assets) recognised by the Group and movements thereon during the current and prior years:

	Accelerated tax depreciation HK$'000	**Revaluation of properties** HK$'000	**Total** HK$'000
At 1 April 2007	6,300	401	6,701
Charge to equity for the year	–	718	718
Credit to consolidated income statement for the year	(456)	–	(456)
At 31 March 2008	5,844	1,119	6,963
Effect of change in tax rate	(365)	(63)	(428)
Credit to equity for the year	–	(565)	(565)
Credit to consolidated income statement for the year	(432)	–	(432)
At 31 March 2009	5,047	491	5,538

At 31 March 2009, the Group has unused tax losses of HK$17,461,000 (2008: HK$14,222,000) available to offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. Tax losses may be carried forward indefinitely.

25. Operating Lease Commitments

The Group made minimum lease payments of approximately HK$11,926,000 (2008: HK$10,403,000) under operating leases during the year in respect of office premises.

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2009 HK$'000	2008 HK$'000
Within one year	**6,622**	7,723
In the second to fifth year inclusive	**11,274**	15,621
Over five years	**5,062**	605
	22,958	23,949

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for an average term of two to ten years and rentals are fixed over the lease terms.

26. Capital and Other Commitments

	2009 HK$'000	2008 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements		
– Acquisition of plant and machinery	**978**	–
– Factory under construction or renovation	**5,555**	165
	6,533	165
Capital expenditure authorised but not contracted for		
– Acquisition of plant and machinery	**–**	1,115
– Factory under construction or renovation	**–**	5,421
	–	6,536
Commitments for license fee for brandnames contracted for but not provided in the consolidated financial statements	**17,620**	13,291
	24,153	19,992

27. Retirement Benefits Scheme

Prior to 1 December 2000, the Group operated a defined contribution retirement benefit scheme ("Defined Contribution Scheme") for its qualifying employees in Hong Kong. The assets of the scheme were held separately from those of the Group in funds under the control of an independent trustee. Where there were employees who left the Defined Contribution Scheme prior to vesting fully in the contributions, the amount of the forfeited contributions would be used to reduce future contributions payable by the Group.

With effective from 1 December 2000, the Group has also joined a Mandatory Provident Fund Scheme ("MPF Scheme") for its employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme.

The employees employed by PRC subsidiaries are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect of the retirement benefits schemes is to make the required contributions under the schemes.

The retirement benefit scheme contribution arising from the Defined Contribution Scheme, the MPF Scheme and the PRC state-managed retirement benefit scheme charged to the consolidated income statement represent contributions paid and payable to the funds by the Group at rates specified in the rules of the schemes.

The total cost charged to profit or loss of HK$10,219,000 (2008: HK$5,314,000) represents contributions paid and payable to these schemes by the Group in respect of the current accounting period.

28. Related Party Transactions

Compensation of key management personnel

Key management personnel of the Group mainly comprised of directors. The compensation of directors of the Company for both years are set out in note 11 to the consolidated financial statements.

The remuneration of key management personnel were determined by the remuneration committee having regard to the performance of individuals and market trends.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2009

(continued)

29. Summarised Balance Sheet of the Company

	Note	**2009 HK$'000**	2008 HK$'000
Investment in a subsidiary		**111,968**	111,968
Amounts due from subsidiaries		**197,604**	125,118
Other assets		**450**	63,086
Amounts due to subsidiaries		**(162,298)**	(162,217)
Other liabilities		**(121)**	(180)
		147,603	137,775
Share capital		**26,278**	26,278
Reserves	*(a)*	**121,325**	111,497
		147,603	137,775

Note:

(a) Reserves

	Share premium HK$'000	Special reserve HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2007	78,945	2,430	662	17,900	99,937
Profit for the year	–	–	–	62,276	62,276
Dividends paid	–	(2,430)	–	(48,286)	(50,716)
At 31 March 2008	78,945	–	662	31,890	111,497
Profit for the year	–	–	–	59,756	59,756
Dividends paid	–	–	–	(49,928)	(49,928)
At 31 March 2009	78,945	–	662	41,718	121,325

Special reserve of the Company represents the difference between the aggregate amount of the nominal value of shares, the share premium and the reserve of subsidiaries acquired and the nominal amount of the shares issued by the Company pursuant to a group reorganisation.

30. Particulars of Subsidiaries

Particulars of the principal subsidiaries of the Company at 31 March 2009 and 2008 are as follows:

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company (note b)	Principal activities
101 (Hong Kong) Limited	Hong Kong	HK$4	100%	Sales of optical frames and related products
101 Studio Limited	Hong Kong	HK$9	100%	Sales of optical frames and related products
New Prosperity Optical Manufactory Limited	BVI/PRC	US$1	100%	Property holding
Sun Hing Optical International Group Limited (note a)	BVI	HK$106	100%	Investment holding
Sun Hing Optical Manufactory Limited	Hong Kong	HK$2	100%	Manufacturing and sales of optical frames and related products
Yorkshire Holdings Limited	Hong Kong	HK$10	100%	Property holding
東莞恒生眼鏡制造有限公司 *(note b)*	PRC	HK$2,500,000	100%	Manufacturing of optical frames and related products
紫金縣新基眼鏡五金配件有限公司 *(note b)*	PRC	HK$50,000,000	100%	Manufacturing of optical frames and related products
東莞新溢眼鏡制造有限公司 (formerly known as "東莞恒達眼鏡制造有限公司") *(note b)*	PRC	US$1,000,000 (2008: US$150,000)	100%	Manufacturing of optical frames and related products

Notes:

(a) Sun Hing Optical International Group Limited is directly held by the Company and all other subsidiaries are indirectly held.

(b) The subsidiaries established in the PRC are registered as wholly foreign owned enterprises.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities subsisting at 31 March 2009 and 2008 or at any time during the year.

Financial Summary

RESULTS

	Year ended 31 March				
	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
Revenue	585,399	657,254	965,990	1,044,024	**1,063,178**
Profit before taxation	78,901	80,955	138,428	156,279	**125,049**
Taxation	(8,289)	(8,003)	(12,526)	(14,858)	**(10,014)**
Profit for the year	70,612	72,952	125,902	141,421	**115,035**

ASSETS AND LIABILITIES

	At 31 March				
	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
Total assets	645,483	721,387	812,510	935,447	**944,389**
Total liabilities	(136,223)	(163,523)	(164,510)	(193,360)	**(139,993)**
Shareholders' equity	509,260	557,864	648,000	742,087	**804,396**

Corporate Information

Board of Directors

Executive Directors

Ku Ngai Yung, Otis – Chairman
Ku Ka Yung – Deputy Chairman
Tsang Wing Leung, Jimson
Ku Ling Wah, Phyllis
Chan Chi Sun
Ma Sau Ching

Non-executive Director

Ku Yiu Tung

Independent non-executive Directors

Lo Wa Kei, Roy
Lee Kwong Yiu
Wong Che Man, Eddy

Company Secretary

Yung Yun Sang, Simon

Auditor

Deloitte Touche Tohmatsu

Legal Adviser in Hong Kong

King & Wood (formerly known as Arculli Fong & Ng)

Legal Adviser on Bermuda Law

Conyers Dill & Pearman

Registered Office

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2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business in Hong Kong

1001C, 10th Floor, Sunbeam Centre
27 Shing Yip Street, Kwun Tong
Kowloon, Hong Kong

Principal Share Registrar

The Bank of Bermuda Limited
Bank of Bermuda Building
6 Front Street
Hamilton HM 11
Bermuda

Hong Kong Branch Share Registrar

Union Registrars Limited
Room 1901–02
Fook Lee Commercial Centre
Town Place, 33 Lockhart Road
Wanchai
Hong Kong

Principal Bankers

Standard Chartered Bank (Hong Kong) Limited
The Bank of Tokyo-Mitsubishi UFJ, Limited
The Hongkong and Shanghai Banking Corporation Limited
Citibank, N.A.

Website

www.sunhingoptical.com

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新興光學集團控股有限公司

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