SUN HING VISION GROUP

ANNUAL REPORT 2009/10 二零零九年至二零一零年年報 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

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CORPORATE PROFILE

LEADERSHIP WITH VISION

Sun Hing Vision Group is a leading ODM player in the global eyewear industry because of our dedicated and highly experienced management team. With more than two decades of solid industry experience, we are a pioneer of the market because our staff always think out of the box for innovative solutions.

Building a passionate and professional team is essential to the Group's success. In order to let our team deliver the best, we provide our staff with top-class training, develop their technical knowledge and share among ourselves a professional work ethic that we are proud of.

Our visionary management team leads the Group to develop its top quality ODM business and draws the blueprint for global branded eyewear distribution business. Our diverse brand portfolio includes Celine Dion, Levi's®, Levi's® Lady, Jill Stuart, New Balance, Missoni, M Missoni as well as our house brand, Public+. More premium brands with good potential will be further introduced to enrich our brand portfolio. We will continue to forge strategic partnerships with the world-class licensed brands with an aim to bring long-term benefits to our shareholders.

EXPERTISE IN PURSUIT OF QUALITY

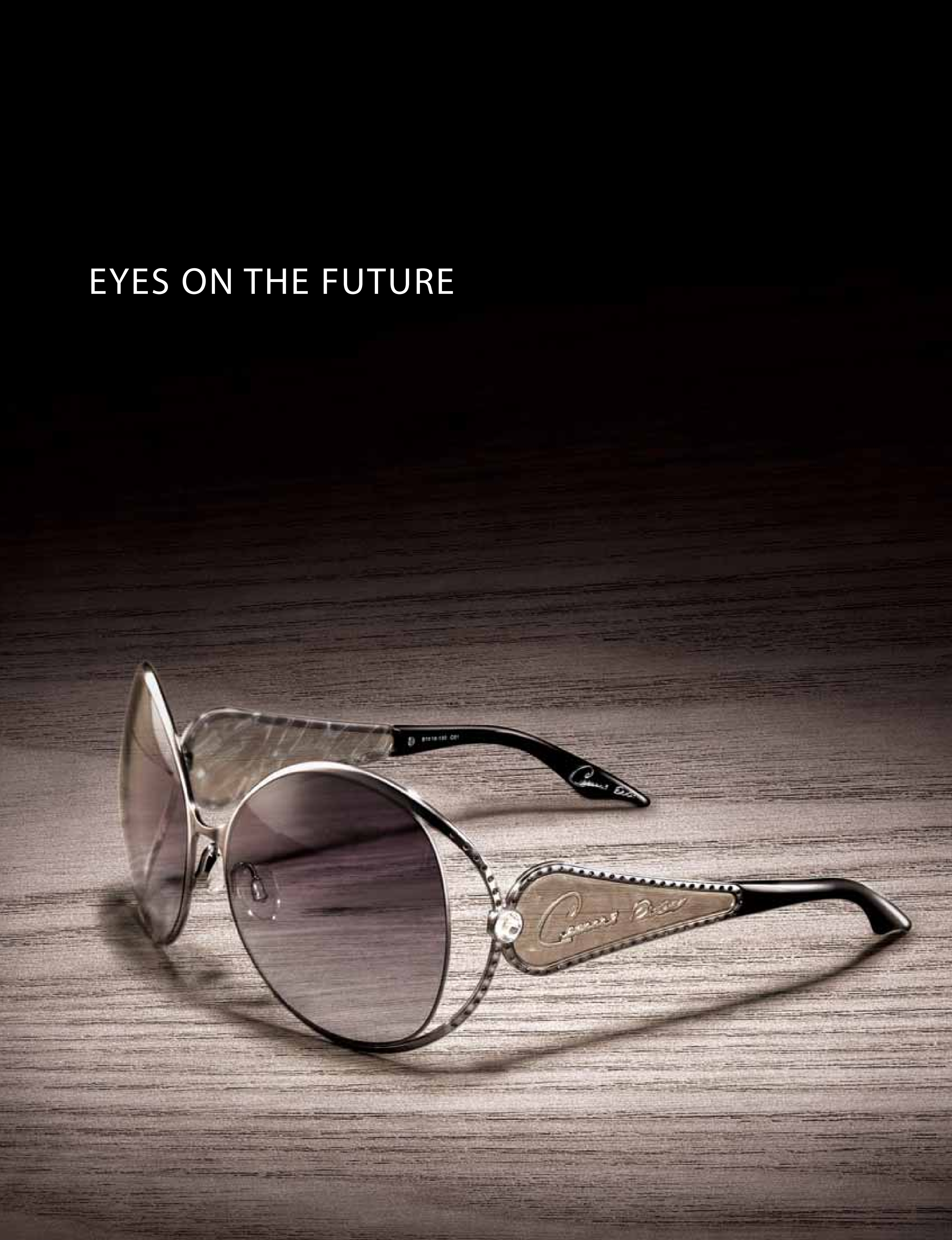
Sun Hing is a premier brand name that stands for innovation and excellence. With strong commitments to quality, performance and productivity, the Group achieves market success that is highly recognized by customers. The Group introduces sophisticated ERP system to improve efficiency and streamlines operations. The above measures enhance product quality, service quality and competitiveness, which let the Group build up customer loyalty and long-term value.

We are proud of our corporate culture of innovation, which is rooted in every member of the Group. Our innovative mind enables us to overcome new challenges by creative solutions. We never stop to set goals for ourselves that are higher than before.

DESIGNS THAT BLEND FASHION AND FUNCTION

We envision eyewear as an important element to personal style and image. Sun Hing knows the market's needs and delivers a wide range of fashionable eyewear that allows consumers to feel good every time and everywhere. Our fashion-conscious designers, obtaining inspiration from daily life and blending creative ideas with innovative technologies, develop unique products that set the trend of industry. We believe that our superior design capability lets us help our customers to translate dreams into reality by creating superb products that fulfill wishes of the market.

EYES ON THE FUTURE



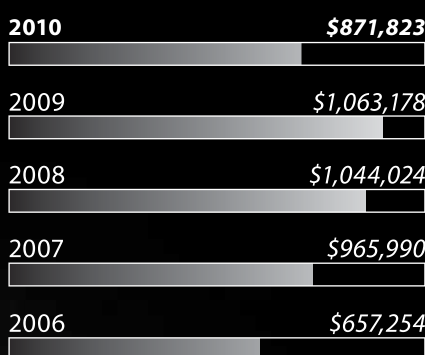
Beneath a sky with boundless future opportunities, our management team continuously achieves excellence by further enhancing operation efficiency and introducing advanced technologies to uphold our competitive edge. We are creative and adaptive to changes, and we believe those attributes are key elements which make us outstanding in the dynamic business world.

Achieving excellent clients and strong brands in the Group's portfolio is essential to future business growth. We will continue to expand our ODM client base and deliver high quality products at competitive prices. In the meantime, we will optimize our licensed brand portfolio and explore new opportunities for distribution business.

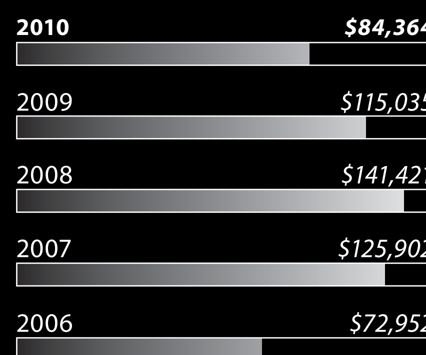
Looking ahead, we are ready for new challenges and are prepared for the goal to achieve sustainable business growth.

FINANCIAL HIGHLIGHTS

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

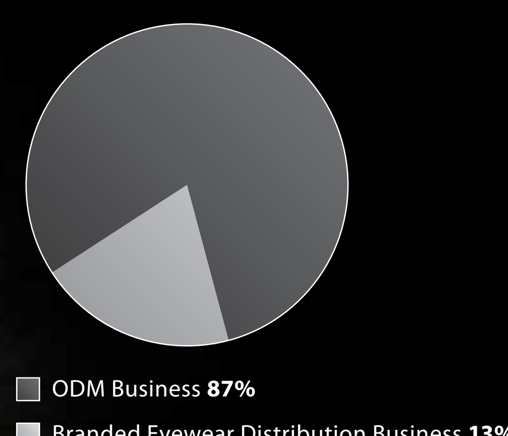


Profit Attributable to Shareholders
(HK$'000) for year ended 31 March



Turnover by Geographical Area
for year ended 31 March 2010

Turnover by Business Division
for year ended 31 March 2010



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 2010.

Results

The business environment was challenging during the year under review as a result of the financial tsunami which started in the last quarter of 2008. For the year ended 31 March 2010, turnover of the Group decreased by 18% to HK$872 million (2009: HK$1,063 million) due to the global economic downturn. Meanwhile, the net profit of the Group decreased by 27% to HK$84 million (2009: HK$115 million). Accordingly, basic earnings per share decreased by 27% to HK32 cents (2009: HK44 cents).

Dividends

The Directors have resolved to recommend at the forthcoming annual general meeting a final dividend of HK10 cents per share and a final special dividend of HK1.5 cents per share for the year ended 31 March 2010, to the shareholders whose names appear in the register of members of the Company at the close of business on 27 August 2010. 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 17 September 2010.

Closure of Register of Members

The register of members of the Company will be closed from 23 August 2010 to 27 August 2010, 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, 18/F Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not later than 4:00 p.m. on 20 August 2010.

Management Discussion and Analysis

Business Review

The market environment for the year under review was highly volatile. The pace of order placement from customers to the Group for first half of the year was slow. This was due to the inventory reduction exercise by the Group's customers in response to the dramatic decrease of consumers' confidence caused by the global financial tsunami. The economy started to recover in the second half of the year, but still with great volatility and uncertainty. Although the Group experienced a rebound in market demand since the third quarter of the 2010 financial year, the gradually improving market conditions could not completely reverse the negative impact the Group suffered during the first half of the year. As a result, the turnover of the Group decreased 18% to HK$872 million (2009: HK$1,063 million), which was further reflected in the drop of turnover for both of the Group's original design manufacturing ("ODM") business and branded eyewear distribution business. For the year under review, the ODM business and branded eyewear distribution business accounted for about 87% and 13% (2009: 86% and 14%) of the Group's turnover respectively.

Profitability of the Group was adversely affected by the rising production costs in China during the year under review. For the year ended 31 March 2010, gross profit of the Group decreased by 16% to HK$233 million (2009: HK$276 million). In response to the unfavorable economic backdrop, the Group flexibly managed its production capacity and maintained an optimal labour mix for the rapidly changing market environment. Meanwhile, the Group continued to streamline its production and enhance operation efficiency. As a result of the proactive measures above and also the lower raw material costs, gross profit margin of the Group was maintained at 26.72% (2009: 25.96%), which was relatively stable as compared to that of last year. However, net profit margin decreased from 10.82% to 9.68%, since the Group was not able to immediately adjust certain fixed operating costs despite the shrinking sales volume.

LETTER TO SHAREHOLDERS

The ODM Business

The Group's ODM turnover decreased 18% to HK$755 million (2009: HK$919 million) during the year under review. The Group's major ODM customers are based mainly in Europe and the United States. Since the market sentiment in these two regions was seriously distressed by the financial tsunami, the ODM customers from these regions adopted a cautious approach to manage purchase orders and inventories, which adversely affected the Group's performance. For the year ended 31 March 2010, the Group's ODM turnover to Europe and the United States decreased by 17% to HK$429 million (2009: HK$520 million) and by 21% to HK$298 million (2009: HK$378 million) respectively. In terms of geographical distribution, Europe, United States and Asia accounted for 57%, 39% and 3% of the Group's ODM turnover respectively (2009: 57%, 41% and 1%). Sales of metal frames, plastic frames and others accounted for 62%, 36% and 2% (2009: 64%, 34% and 2%) of the Group's ODM turnover respectively.

The Branded Eyewear Distribution Business

Turnover contributed by the Group's branded eyewear distribution business decreased by 19% to HK$117 million (2009: HK$144 million). During the year under review, sales to Asia actually increased by 7% while sales to regions excluding Asia decreased by 59%. This follows the Group's overall strategy for its branded eyewear distribution business, which is to reduce exposure to the Western markets and to focus resources on Asia where the Group has competitive advantages over other industry participants for better growth prospects. Asia was the major market of the Group's branded eyewear distribution business and accounted for 80% (2009: 61%) of the Group's distribution turnover.

Liquidity and Capital Resources

The Group continued to maintain a strong liquidity position. It held a cash and bank balance of HK$350 million as at 31 March 2010 and did not have any bank borrowings during the year. Meanwhile, cash inflow from operations for the year ended 31 March 2010 amounted to HK$159 million. The strong cash position was the result of the Group's cautious plan on working capital and capital expenditure. The Group will continue to adopt a prudent approach for cash flow management in order to maintain a strong balance sheet in preparation for the dynamic business environment ahead.

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 2010. 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 2010, the net current assets and current ratio of the Group were approximately HK$577 million and 4.6:1 respectively. The total shareholders' equity of the Group increased to HK$844 million as at 31 March 2010 from HK$804 million as at 31 March 2009. Debtor turnover period and inventory turnover period were 101 days and 80 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. 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 9,000 people as at 31 March 2010. 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 2010, 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

The global economy has stabilized after an unprecedented volatile year. Although the market is still clouded by a high level of uncertainty, the Group has seen recovery of the eyewear industry which is evidenced by the steady growth in demand from major customers. Nevertheless, operation costs have started to increase which brings bigger challenges to the Group. In May 2010, minimum wages in Guangdong province, China where the Group's production facilities are located, were adjusted upward. Meanwhile, the prices of raw materials gradually rise during the recovery phrase of economy. All these factors impose mounting cost pressure on our operations. The Group will further strive to enhance efficiency by streamlining operations and seeking out innovative ways in production. A productive and flexible work force will be maintained to cater for the expected volatile market demand ahead.

The Group will continue to uphold its strong liquidity position. Inventory and receivable management will be further strengthened to make way for working capital for operation. Capital expenditure will be carefully planned and closely monitored. The Directors believe that optimal investment in well selected strategic areas is vital for maintaining long-term competitiveness. For this reason, carefully chosen projects will be carried out by phrases to enhance the existing production facilities with an aim to sharpen the Group's edge. These projects are expected to further automate the Group's production, improve product quality, shorten manufacturing lead-time and reduce operation costs in long run.

The Group will further optimize its brand mix for its branded eyewear distribution business by introducing new prominent brands to its portfolio while phrasing out those with relatively low profitability. The Directors are pleased to announce that the Group has successfully obtained the exclusive right to distribute eyewear for the renowned brands "Missoni" and "M Missoni" in Asia. The Group's new "Missoni" and "M Missoni" collections have so far received very positive market feedbacks and are expected to generate satisfactory returns in the future. Through the launch of unique and high quality products with prominent brand names, the Directors believe that the Group can further enhance its reputation and establish a stronger foundation to support the future growth of the branded eyewear distribution business.

Despite the challenges ahead, the Group sees significant business opportunities ahead when the global economy is gradually recovering. The Group will continue to maintain a strong balance sheet and profitability to consolidate its role as a key player in the global eyewear industry.

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, 9 July 2010

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Executive Directors

Mr. Ku Ngai Yung, Otis, aged 43, 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 37, 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 42, is the executive Director responsible for the Group's product development and purchasing activities. He also holds position of certain group member. He joined the Group in February 1989.

Ms. Ku Ling Wah, Phyllis, aged 45, is the executive Director responsible for the general administration including accounting, human resources management and treasury functions of the Group in Hong Kong. She also holds position of certain group member. 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 44, is the executive Director responsible for the general administration of the Group. He also holds directorships and positions 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 48, is the executive Director responsible for the marketing development of the Group. She also holds position of certain group member. Ms. Ma 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 76, 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 39, has been an independent non-executive Director since 1 May 1999. He is a fellow member of Hong Kong Institute of Certified Public Accountants (Practicing), Association of Chartered Certified Accountants, and CPA Australia. He is also a member of the Hong Kong Securities Institute and Institute of Chartered Accountants in England and Wales. He has over seventeen years of experience in auditing, accounting and finance. He is the deputy managing partner of Messrs. Shinewing (HK) CPA Limited. He is also 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). All of the above companies are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

Mr. Lee Kwong Yiu, aged 47, has over fifteen 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 Limited) and ABC Communications (Holdings) Limited. Both companies are listed on Stock Exchange.

Mr. Wong Che Man, Eddy, aged 50, has over twenty years of experience in the auditing and accounting profession. He is the sole proprietor of Messrs. 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 is currently an independent non-executive director of China All Access (Holdings) Limited and was an independent non-executive director of Smart Rich Energy Finance (Holdings) Limited (now known as G-Resources Group Limited) and China Financial Industry Investment Fund Limited (now known as National Investments Fund Limited) until 25 March 2009 and 16 May 2007 respectively. All of the above companies are listed on the Stock Exchange.

Senior Management

Mr. Lee Kar Lun, Clarence, aged 35, is the financial controller of the Group and is responsible for overseeing the Group's accounting and finance function. He holds a bachelor of accountancy degree from the Hong Kong Polytechnic University and is member of the Association of Chartered Certified Accountants. Before joining the Group in April 2009, he was in auditing and accounting profession.

Ms. Cheunk Siu Ling, aged 44, 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 43, is the product engineering manager of the Group. He is responsible for day-to-day product development management. He joined the Group in 1991.

Mr. Leung Cheuk Pong, aged 41, is the operation manager of the Group and is responsible for the Group's purchasing and logistics activities. He 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 2010, 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 2010.

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 2010. 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	4/4
Mr. Ku Yiu Tung	4/4
Mr. Lo Wa Kei, Roy	4/4
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.

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 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 were re-elected as Directors at the 2009 annual general meeting for a term of no more than three years and subject to retirement by rotation in accordance with the Bye-laws.

Ms. Ku Ling Wah, Phyllis and Mr. Tsang Wing Leung, Jimson, both of them are executive Directors and Mr. Lo Wa Kei, Roy and Mr. Wong Che Man, Eddy, both of them are independent non-executive Directors, will retire at the forthcoming 2010 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 manager of the Group. The duties of the Remuneration Committee include, inter alia, the determination of remuneration of executive Directors and senior management and review of the remuneration policy of the Group.

The Remuneration Committee held one meeting during the year ended 31 March 2010. The attendance of each remuneration committee member is set out as follows:-

Remuneration Committee Members	**Attendance Record**
Mr. Lee Kwong Yiu *(Chairman)*	1/1
Mr. Lo Wa Kei, Roy	1/1
Mr. Wong Che Man, Eddy	1/1

During the year ended 31 March 2010, 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 or existing auditors of the Group. The Audit Committee has adopted the principles set out in the CG Code. The duties of the Audit Committee include review of the interim and annual reports of the Group as well as various auditing, financial reporting and internal control matters with the management and/or external auditor of the Company. During the year ended 31 March 2010, the Audit Committee has performed the above duties, including making recommendations 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 2010 have been reviewed by the Audit Committee and audited by the Company's external auditor, Messrs. Deloitte Touche Tohmatsu.

During the year ended 31 March 2010, 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$1,080,000
Non-audit services	
Interim results review	HK$200,000
Tax compliance and advisory services	HK$115,000
Internal control review	HK$70,000

Accountability and Internal Control

The Directors acknowledge their responsibility to prepare financial statements for the financial year ended 31 March 2010 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 2010, 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 25.

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 2010, 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 Messrs. 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.

REPORT OF THE DIRECTORS

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 2010.

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 2010 are set out in the consolidated statement of comprehensive income on page 26.

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 2010.

Property, Plant and Equipment

Certain of the Group's leasehold land and buildings were revalued at 31 March 2010. The revaluation resulted in a total surplus over their carrying amounts of approximately HK$2,200,000, which has been credited to the property revaluation reserve in the equity.

During the year, the Group acquired property, plant and equipment at a cost of approximately HK$37,057,000 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 67% 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 30% 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 2010, the Company's reserves available for distribution comprising retained profits of HK$52,933,000 (2009: HK$41,718,000).

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, Mrs. Ku Ling Wah, Phyllis, Mr. Tsang Wing Leung, Jimson, Mr. Lo Wa Kei, Roy and Mr. Wong Che Man, Eddy 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 2010, 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 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 2010, 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 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**	**Exercise period**	**Outstanding at 1 April 2009**	**Exercised during the year**	**Forfeited during the year**	**Outstanding as at 31 March 2010**	**Exercise price** HK$
Employees	2 April 2004	2 April 2004 to 1 April 2009 *(Notes 1 & 2)*	1,100,000	–	(1,100,000)	0	3.5

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.*

At the date of this report, there were no shares in respect of which options had been granted and 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 2010, the following parties (other than those disclosed under the headings "Directors' and Chief Executives' 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 interest 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%
FMR LLC *(Note 3)*	24,192,000	9.21%
Webb David Michael *(Notes 4 & 5)*	18,410,000	7.01%
Preferable Situation Asset Limited *(Note 5)*	15,800,000	6.01%

Notes:

1. *As at 31 March 2010, 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. Ms. Ku Ngai Yung, Otis and Mr. Ku Ka Yung are directors of UVI.*
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. *FMR LLC is an investment manager. As at the date of filing the corporate substantial shareholder notice on 22 January 2010, 22,192,000 shares of the Company were indirectly held by Fidelity Management & Research Company, which is wholly owned by FMR LLC. Whereas 2,000,000 shares of the Company were indirectly held by Fidelity Management Trust Company and Pyramis Global Advisors LLC, which are wholly owned by FMR LLC.*
4. *As at 28 August 2009 (i.e. the date of the relevant event as set out in the individual substantial shareholder notice filed on 1 September 2009), of the 18,410,000 shares of the Company held by David Michael Webb, 14,708,000 shares of the Company were held through his wholly owned company, Preferable Situation Assets Limited, while 3,702,000 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 14,708,000 shares of the Company held by Preferable Situation Assets Limited under the SFO. (Please also see note 5 below)*
5. *As at 5 November 2009 (i.e. the date of the relevant event as set out in the corporate substantial shareholder notice filed on 9 November 2009), Preferable Situation Assets Limited, which is wholly owned by David Michael Webb, held 15,800,000 shares of the Company. By virtue of Preferable Situation Assets Limited's interest in the Company, David Michael Webb is deemed to be interested in the same 15,800,000 shares of the Company held by Preferable Situation Assets Limited under the SFO.*

REPORT OF THE DIRECTORS

Substantial Shareholders (continued)

All the interests stated above represent long position. Save as disclosed above, as at 31 March 2010, 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 of the Company (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 is 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 2010.

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

During the year, neither the Company nor any of its subsidiaries have 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, 9 July 2010

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE MEMBERS 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 26 to 59, which comprise the consolidated statement of financial position as at 31 March 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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 2010 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

9 July 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

	Notes	**2010** **HK$'000**	2009 HK$'000
Revenue	7	**871,823**	1,063,178
Cost of sales		**(638,891)**	(787,131)
Gross profit		**232,932**	276,047
Other income, gains and losses	8	**(3,573)**	2,738
Selling and distribution costs		**(19,870)**	(26,774)
Administrative expenses		**(117,653)**	(126,962)
Profit before taxation		**91,836**	125,049
Income tax expense	9	**(7,472)**	(10,014)
Profit for the year attributable to owners of the Company	10	**84,364**	115,035
Other comprehensive income (expense)			
Surplus (deficit) on revaluation of leasehold land and buildings		**2,200**	(3,426)
Deferred tax (charge) credit			
– arising on revaluation of leasehold land and buildings		**(363)**	565
– effect of change in tax rate		**–**	63
Other comprehensive income (expense) for the year		**1,837**	(2,798)
Total comprehensive income attributable to owners of the Company for the year		**86,201**	112,237
Earnings per share	14		
Basic and diluted		**HK32 cents**	HK44 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**265,220**	276,432
Prepaid lease payments	16	**3,771**	3,863
Deposit paid for acquisition of property, plant and equipment		**2,332**	–
Time deposit	17	**–**	11,700
		271,323	291,995
CURRENT ASSETS			
Inventories	18	**140,374**	133,919
Trade and other receivables	19	**248,657**	252,935
Prepaid lease payments	16	**91**	91
Tax recoverable		**–**	3,164
Bank balances and cash	20	**349,677**	262,285
		738,799	652,394
CURRENT LIABILITIES			
Trade and other payables	21	**161,026**	134,455
Taxation payable		**479**	–
		161,505	134,455
NET CURRENT ASSETS		**577,294**	517,939
		848,617	809,934
CAPITAL AND RESERVES			
Share capital	22	**26,278**	26,278
Reserves		**818,333**	778,118
		844,611	804,396
NON-CURRENT LIABILITY			
Deferred taxation	24	**4,006**	5,538
		848,617	809,934

The consolidated financial statements on pages 26 to 59 were approved and authorised for issue by the Board of Directors on 9 July 2010 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 2010

	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 2008	26,278	78,945	18,644	4,702	536	612,982	742,087
Profit for the year	–	–	–	–	–	115,035	115,035
Deficit on revaluation of leasehold land and buildings	–	–	–	(3,426)	–	–	(3,426)
Deferred tax credit							
– arising on revaluation of leasehold land and buildings	–	–	–	565	–	–	565
– effect of change in tax rate	–	–	–	63	–	–	63
Total comprehensive income for the year	–	–	–	(2,798)	–	115,035	112,237
Dividends recognised as distribution (note 13)	–	–	–	–	–	(49,928)	(49,928)
At 31 March 2009	26,278	78,945	18,644	1,904	536	678,089	804,396
Profit for the year	**–**	**–**	**–**	**–**	**–**	**84,364**	**84,364**
Surplus on revaluation of leasehold land and buildings	**–**	**–**	**–**	**2,200**	**–**	**–**	**2,200**
Deferred tax charge arising on revaluation of leasehold land and buildings	**–**	**–**	**–**	**(363)**	**–**	**–**	**(363)**
Total comprehensive income for the year	**–**	**–**	**–**	**1,837**	**–**	**84,364**	**86,201**
Release upon lapse of share options	**–**	**–**	**–**	**–**	**(536)**	**536**	**–**
Dividends recognised as distribution (note 13)	**–**	**–**	**–**	**–**	**–**	**(45,986)**	**(45,986)**
At 31 March 2010	**26,278**	**78,945**	**18,644**	**3,741**	**–**	**717,003**	**844,611**

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 STATEMENT OF CASH FLOWS

For the year ended 31 March 2010

	2010 HK$'000	2009 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**91,836**	125,049
Adjustments for:		
Bad debts written off	**1,338**	6,906
Bank interest income	**(1,561)**	(4,046)
Depreciation of property, plant and equipment	**50,469**	48,823
Release of prepaid lease payments	**92**	92
Allowance for inventory	**250**	12,034
Bad debts recovered	**(174)**	(1,728)
Gain on disposal of property, plant and equipment	**(35)**	–
Operating cash flows before movements in working capital	**142,215**	187,130
(Increase) decrease in inventories	**(6,705)**	26,599
Decrease in trade and other receivables	**3,114**	228
Increase (decrease) in trade and other payables	**26,571**	(50,634)
Cash generated from operations	**165,195**	163,323
Income taxes paid	**(5,724)**	(15,283)
NET CASH FROM OPERATING ACTIVITIES	**159,471**	148,040
INVESTING ACTIVITIES		
Proceeds on disposal of property, plant and equipment	**35**	–
Purchase of property, plant and equipment	**(37,057)**	(62,039)
Interest received	**1,561**	4,046
Decrease in time deposit	**11,700**	–
Deposit paid for acquisition of property, plant and equipment	**(2,332)**	–
NET CASH USED IN INVESTING ACTIVITIES	**(26,093)**	(57,993)
FINANCING ACTIVITY		
Dividends paid	**(45,986)**	(49,928)
CASH USED IN FINANCING ACTIVITY	**(45,986)**	(49,928)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**87,392**	40,119
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**262,285**	222,166
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**349,677**	262,285

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2010

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 new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)–Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC)–Int 13	Customer Loyalty Programmes
HK(IFRIC)–Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)–Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)–Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group.

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments (see note 7).

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

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKAS 24 (Revised)	Related Party Disclosures[7]
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[5]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[4]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[6]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[4]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[8]
HK(IFRIC)–Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[7]
HK(IFRIC)–Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)–Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

1 *Effective for annual periods beginning on or after 1 July 2009*
2 *Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate*
3 *Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate*
4 *Effective for annual periods beginning on or after 1 January 2010*
5 *Effective for annual periods beginning on or after 1 February 2010*
6 *Effective for annual periods beginning on or after 1 July 2010*
7 *Effective for annual periods beginning on or after 1 January 2011*
8 *Effective for annual periods beginning on or after 1 January 2013*

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 April 2010. HKAS 27 (Revised) will affect the Group's accounting treatment for changes in the Group's ownership interest in a subsidiary.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

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 statement of comprehensive income 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.

Property, plant and equipment

Leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position 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 end of the reporting period.

Any revaluation increase arising on revaluation of land and buildings is recognised in other comprehensive income and accumulated in property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is recognised in profit or loss 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.

3. Significant Accounting Policies (continued)

Property, plant and equipment (continued)

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 profit or loss in the period 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

Operating lease payments are recognised as an expense 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 and amortised over the lease term on a straight line basis.

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 the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. 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 profit or loss in the period in which they arise.

3. Significant Accounting Policies (continued)

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 profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes consolidated statement of comprehensive income 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 end of the reporting period.

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. 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. Deferred tax assets arising from deductible temporary differences associated with such investment in subsidiaries are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

3. Significant Accounting Policies (continued)

Impairment loss

At the end of the reporting period, 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 any such indication exists, the recoverable amount of asset is estimated in order to determine the extent of the impairment loss, if any. In addition, intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that they may be impaired. 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.

When 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 impairment loss is treated as a revaluation increase under that standard.

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 in the consolidated statement of financial position 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 profit or loss.

Financial assets

The Group's financial assets are classified as loans and receivables.

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 or 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.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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).

Impairment of financial assets

Loan and receivables are assessed for indicators of impairment at the end of each reporting period. 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 affected.

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 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.

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.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

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.

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 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 best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (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 the end of the reporting period, the Group 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 be transferred to retained profits.

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 end of the reporting period, 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 2010, the carrying amount of trade receivables is HK$241,103,000 (31 March 2009: HK$246,250,000).

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 profit or loss as write down of inventories. Included in cost of sales is an amount of approximately HK$250,000 (2009: HK$12,034,000) 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 owners 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

	2010 HK$'000	2009 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**594,938**	523,165
Financial liabilities		
Amortised cost	**113,695**	87,973

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**	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
USD	**548,527**	499,989	**19,608**	14,110
RMB	**14,828**	6,738	**42,153**	30,557
EUR	**1,997**	185	**5,213**	4,404
JPY	**4,297**	1,370	**3,600**	3,731

The Group 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.

6. Financial Instruments (continued)

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

Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis

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

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 post-tax profit where the relevant foreign currency weaken 5% against HKD. For a 5% strengthening of the relevant foreign currency against HKD, there would be an equal and opposite impact on the profit.

	2010 HK$'000	2009 HK$'000
RMB impact	**1,141**	994
EUR impact	**134**	176
JPY impact	**(29)**	99

(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 are within short maturity period and time deposit was early terminated during the year, respectively. Besides, the fluctuation of market interest rate is not expected to be significant. Thus, no sensitivity analysis is prepared.

Credit risk

As at 31 March 2010, 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 statement of financial position. 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 the end of the reporting period 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 2010, five (2009: five) customers that are located in Europe accounted for HK$167,176,000 (31 March 2009: HK$147,796,000) 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 based on the agreed repayment terms. 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 as these financial liabilities are non-interest bearing.

Liquidity table

	On demand or less than 1 month HK$'000	**1-3 months HK$'000**	**3 months to 1 years HK$'000**	**Total undiscounted cash flows HK$'000**	**Carrying amount at 31.3.2010 HK$'000**
2010					
Non-derivative financial instruments					
Trade and other payables	**67,243**	**42,640**	**3,812**	**113,695**	**113,695**

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

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 the end of the reporting period.

7. Segment Information

The Group has adopted HKFRS 8 Operating Segments with effect from 1 April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, the Company's executive directors, in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financing reporting to key management personnel" serving only as the starting point for the identification of such segments.

In the past, the Group's primary reporting format was geographical segments by location of customers, irrespective of the origin of goods.

Whilst the executive directors regularly review revenue by geographical location of customers, information about profit or loss by geographical location of customers is not provided to the executive directors for their review. Financial information reported to the executive directors for the purposes of resource allocation and performance assessment focuses on the consolidated gross profit analysis of the business of manufacturing and trading of eyewear products of the Group as a whole.

As a result, there is only one operating segment for the Group under HKFRS 8, which is manufacturing and trading of eyewear products. Financial information regarding this segment can be made reference to the consolidated statement of comprehensive income.

The Group's revenue are arising from manufacturing and sales of optical frames, sunglasses and related products.

Geographical information

The Group's operations are located in Hong Kong and the People's Republic of China (the "PRC"). The Group's revenue from external customers by location of customers and information about its non-current assets by geographical location of the assets are detailed below:

	Non-current assets	
	2010	2009
	HK$'000	HK$'000
Hong Kong	**19,079**	17,397
The PRC	**252,244**	262,898
	271,323	280,295

7. Segment Information (continued)

Geographical information (continued)

	Revenue from external customers	
	2010	2009
	HK$'000	HK$'000
Italy	**348,199**	428,950
United States	**298,177**	403,035
Other countries	**225,447**	231,193
	871,823	1,063,178

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2010	2009
	HK$'000	HK$'000
Customer A	**224,047**	277,959
Customer B	**173,293**	202,711

8. Other Income, Gains and Losses

	2010	2009
	HK$'000	HK$'000
Bank interest income	**1,561**	4,046
Bad debts recovered	**174**	1,728
Bad debts written off	**(1,338)**	(6,906)
Net foreign exchange losses	**(4,868)**	(1,174)
Release of provision for litigation loss *(note)*	**–**	4,300
Gain on disposal of property, plant and equipment	**35**	–
Others	**863**	744
	(3,573)	2,738

Note: *During the year ended 31 March 2009, the court dismissed the adversary proceeding in connection with a legal claim filed by a liquidating trustee of a customer of the Group in previous year, which was under a voluntary petition for bankruptcy relief under the United States Bankruptcy Code and applicable state law, and the Group was not required to pay any consideration for settlement. The provision of HK$4,300,000 was therefore reversed to profit or loss during the year ended 31 March 2009.*

9. Income Tax Expense

	2010 HK$'000	2009 HK$'000
The charge comprises:		
Current tax		
– Hong Kong Profits Tax	**9,156**	11,123
– PRC Enterprise Income Tax	**40**	55
Under(over)provision in previous years		
– Hong Kong	**171**	(367)
	9,367	10,811
Deferred taxation *(note 24)*		
– Current year	**(1,895)**	(432)
– Attributable to a change in tax rate	**–**	(365)
	(1,895)	(797)
	7,472	10,014

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

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.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries are exempted from PRC income tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years. No provision for PRC income tax has been made in the consolidated financial statements as these PRC subsidiaries were exempted from PRC income tax during the year.

9. Income Tax Expense (continued)

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

	2010 HK$'000	2009 HK$'000
Profit before taxation	**91,836**	125,049
Tax at the Hong Kong Profits Tax rate of 16.5%	**15,153**	20,633
Tax effect of income not assessable in determining taxable profit	**(257)**	(1,383)
Tax effect of expenses not deductible in determining taxable profit	**214**	143
Under(over)provision in respect of prior years	**171**	(367)
Tax effect of Hong Kong Profits Tax on 50: 50 apportionment basis	**(6,519)**	(9,200)
Tax effect of tax losses not recognised	**–**	534
Utilisation of tax losses previously not recognised	**(584)**	–
Effect of tax exemption granted to PRC subsidiaries	**(864)**	–
Effect of different tax rates of operation in the PRC	**158**	19
Decrease in opening deferred tax liability resulting from a decrease in applicable tax rate	**–**	(365)
Tax charge for the year	**7,472**	10,014

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

10. Profit for the Year

	2010 HK$'000	2009 HK$'000
Profit for the year has been arrived at after charging:		
Auditor's remuneration	**1,280**	1,380
Cost of inventories recognised as expense	**638,891**	787,131
Depreciation of property, plant and equipment	**50,469**	48,823
Release of prepaid lease payments	**92**	92
Staff cost		
– directors' emoluments *(note 11)*	**4,661**	5,198
– other staff costs, comprising mainly salaries	**233,356**	250,653
– retirement benefit scheme contribution excluding those of directors'	**9,874**	10,075
	247,891	265,926

11. Directors' Emoluments

The emoluments paid or payable to each of the ten (2009: ten) directors were as follows:

	Year ended 31 March 2010			
	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contribution HK$'000	Total HK$'000
Executive directors				
Ku Ngai Yung, Otis	36	472	12	520
Ku Ka Yung	56	450	12	518
Ku Ling Wah, Phyllis	105	281	19	405
Tsang Wing Leung, Jimson	433	294	29	756
Chan Chi Sun	576	294	33	903
Ma Sau Ching	624	342	35	1,001
	1,830	2,133	140	4,103
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
	2,388	2,133	140	4,661

11. Directors' Emoluments (continued)

	Year ended 31 March 2009			
	Fees	Salaries and other benefits	Retirement benefits scheme contribution	Total
	HK$'000	HK$'000	HK$'000	HK$'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

No directors waived any emoluments in both years.

12. Employees' Emoluments

The five individuals with the highest emoluments in the Group included three (2009: five) directors of the Company whose emoluments are set out in note 11. The emoluments of the remaining two (2009: nil) individuals were as follows:

	2010 HK$'000	2009 HK$'000
Salaries and other benefits	**1,282**	–
Contribution to retirement benefits schemes	**38**	–
	1,320	–

Their emoluments were within the following bands:

	2010 Number of employees	2009 Number of employees
HK$nil to HK$1,000,000	**2**	–

During the years ended 31 March 2010 and 31 March 2009, 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

	2010 HK$'000	2009 HK$'000
Final, paid – HK10.0 cents per share for 2009 (2009: HK10.0 cents per share for 2008)	**26,278**	26,278
Special final, paid – HK1.5 cents per share for 2009 (2009: HK3.0 cents per share for 2008)	**3,941**	7,883
Interim, paid – HK4.5 cents per share for 2010 (2009: HK4.5 cents per share for 2009)	**11,825**	11,825
Special interim, paid – HK1.5 cents per share for 2010 (2009: HK1.5 cents per share for 2009)	**3,942**	3,942
	45,986	49,928

A final dividend of HK 10.0 cents (2009: HK10.0 cents) per share in total HK$26,278,000 and a special final dividend of HK1.5 cents (2009: HK1.5 cents) per share in total HK$3,942,000 in respect of the year ended 31 March 2010 have 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 owners of the Company is based on the following data:

	2010 HK$'000	2009 HK$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**84,364**	115,035
Number of shares		
Number of ordinary shares for the purposes of basic and diluted earnings per share	**262,778,286**	262,778,286

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price of its shares for both years.

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 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
Additions	–	–	9,396	17,144	4,645	1,471	4,401	37,057
Surplus on revaluation	2,000	–	–	–	–	–	–	2,000
Transfers	–	–	2,768	1,332	65	–	(4,165)	–
Adjustment on valuation	–	(1,874)	–	–	–	–	–	(1,874)
Disposal	–	–	–	–	–	(269)	–	(269)
At 31 March 2010	12,000	82,073	124,825	294,522	91,442	7,670	10,269	622,801
Comprising:								
At cost	–	–	124,825	294,522	91,442	7,670	10,269	528,728
At valuation-2010	12,000	82,073	–	–	–	–	–	94,073
	12,000	82,073	124,825	294,522	91,442	7,670	10,269	622,801
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
DEPRECIATION								
At 1 April 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
Provided for the year	200	1,874	14,367	25,885	7,297	846	–	50,469
Eliminated on revaluation	(200)	–	–	–	–	–	–	(200)
Adjustment on valuation	–	(1,874)	–	–	–	–	–	(1,874)
Eliminated on disposal	–	–	–	–	–	(269)	–	(269)
At 31 March 2010	–	–	69,207	208,027	74,862	5,485	–	357,581
CARRYING VALUES								
At 31 March 2010	12,000	82,073	55,618	86,495	16,580	2,185	10,269	265,220
At 31 March 2009	10,000	83,947	57,821	93,904	19,167	1,560	10,033	276,432

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 2010 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 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.

During the year ended 31 March 2010, the total surplus on revaluation of HK$2,200,000 (2009: deficit on revaluation of HK$3,426,000) 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 of approximately HK$6,043,000 (2009: HK$6,203,000) for land and buildings located in Hong Kong and HK$82,073,000 (2009: HK$83,947,000) 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:

	2010	2009
	HK$'000	HK$'000
Non-current asset	**3,771**	3,863
Current asset	**91**	91
	3,862	3,954

17. Time Deposit

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

18. Inventories

	2010 **HK$'000**	2009 HK$'000
Raw materials	**39,654**	32,146
Work in progress	**86,330**	72,852
Finished goods	**14,390**	28,921
	140,374	133,919

19. Trade and Other Receivables

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

	2010 **HK$'000**	2009 HK$'000
Trade receivables		
Current	**210,115**	205,808
Overdue up to 90 days	**29,293**	37,793
Overdue more than 90 days	**1,695**	2,649
	241,103	246,250
Prepayments	**3,396**	3,755
Other receivables	**4,158**	2,930
Trade and other receivables	**248,657**	252,935

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:

	2010 **HK$'000**	2009 HK$'000
USD	**234,574**	244,788
RMB	**3,046**	1,757
EUR	**1,446**	–
JPY	**2,607**	–

No interest is charged on the trade receivables. 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.

19. Trade and Other Receivables (continued)

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$30,988,000 (2009: HK$40,422,000) 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 2% (2009: 0.01% to 4%) per annum and have maturity of three months or less.

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

	Bank balance	
	2010	2009
	HK$'000	HK$'000
USD	**313,953**	243,501
RMB	**11,782**	4,981
EUR	**551**	185
JPY	**1,690**	1,370

21. Trade and Other Payables

The following is an aged analysis of trade payables at the end of the reporting period:

	2010	2009
	HK$'000	HK$'000
Trade payables		
Current and overdue up to 90 days	**103,591**	80,993
Overdue more than 90 days	**5,293**	1,795
	108,884	82,788
Accruals	**47,331**	46,482
Other payables	**4,811**	5,185
	161,026	134,455

21. Trade and Other Payables (continued)

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:

	2010 HK$'000	2009 HK$'000
USD	**19,608**	14,110
RMB	**42,153**	30,557
EUR	**5,213**	4,404
JPY	**3,600**	3,731

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 2008, 31 March 2009 and 31 March 2010	500,000,000	50,000
Issued and fully paid:		
At 1 April 2008, 31 March 2009 and 31 March 2010	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.

23. Share Options (continued)

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.

The following tables disclose details of the Company's share options which were granted under the Old Share Option Scheme held by employees during the years ended 31 March 2010 and 2009:

			Number of share options				
Option type	**Date of grant**	**Exercisable period**	**Outstanding at 1.4.2008 and 1.4.2009**	**Exercised during the year**	**Lapsed during the year**	**Outstanding at 31.3.2010**	**Exercise price** HK$
2004–employees	2 April 2004	2 April 2004 to 1 April 2009 *(Notes 1 & 2)*	1,100,000	–	(1,100,000)	–	3.50
			1,100,000	–	(1,100,000)	–	
Exercisable at the end of year			1,100,000			–	

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 2010 and 31 March 2009, there were no share options granted to the Company's directors and employees under the Old Share Option Scheme. As at 31 March 2009, 1,100,000 share options granted remain outstanding and all of these share options lapsed at 1 April 2009 and no share options outstanding as at 31 March 2010.

23. Share Options (continued)

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.

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 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 profit or loss	(432)	–	(432)
At 31 March 2009	5,047	491	5,538
Charge to equity for the year	–	363	363
Credit to profit or loss	(1,895)	–	(1,895)
At 31 March 2010	3,152	854	4,006

At 31 March 2010, the Group has unused tax losses of HK$13,923,000 (2009: HK$17,461,000) 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$10,601,000 (2009: HK$11,926,000) under operating leases during the year in respect of office premises.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2010 **HK$'000**	2009 HK$'000
Within one year	**8,357**	6,622
In the second to fifth year inclusive	**5,779**	11,274
Over five years	**4,607**	5,062
	18,743	22,958

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

	2010 **HK$'000**	2009 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements		
– Acquisition of plant and machinery	**5,903**	978
– Factory under construction or renovation	**10,204**	5,555
	16,107	6,533
Commitments for license fee for brandnames contracted for but not provided in the consolidated financial statements	**12,433**	17,620
	28,540	24,153

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.

27. Retirement Benefits Scheme (continued)

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 profit or loss 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$10,014,000 (2009: HK$10,219,000) represents contributions paid and payable to these schemes by the Group in respect of the current financial year.

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.

29. Summarised Financial Information of the Company

	Note	**2010** **HK$'000**	2009 HK$'000
Investment in a subsidiary		**111,968**	111,968
Amounts due from subsidiaries		**161,539**	197,604
Other assets		**47,020**	450
Amounts due to subsidiaries		**(162,241)**	(162,298)
Other liabilities		**(130)**	(121)
Net assets		**158,156**	147,603
Share capital		**26,278**	26,278
Reserves	*(a)*	**131,878**	121,325
		158,156	147,603

Note:

(a) Reserves

	Share premium HK$'000	**Share option reserve** HK$'000	**Retained profits** HK$'000	**Total** HK$'000
At 1 April 2008	78,945	662	31,890	111,497
Profit and total comprehensive income for the year	–	–	59,756	59,756
Dividends recognised as distribution	–	–	(49,928)	(49,928)
At 31 March 2009	78,945	662	41,718	121,325
Profit and total comprehensive income for the year	–	–	56,539	56,539
Release upon lapse of share options	–	(662)	662	–
Dividends recognised as distribution	–	–	(45,986)	(45,986)
At 31 March 2010	78,945	–	52,933	131,878

30. Particulars of Subsidiaries

Particulars of the principal subsidiaries of the Company at 31 March 2010 and 2009 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, sunglasses and related products
101 Studio Limited	Hong Kong	HK$9	100%	Sales of optical frames, sunglasses 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, sunglasses 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, sunglasses 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, sunglasses and related products
東莞新溢眼鏡制造有限公司	PRC	US$9,200,000 (2009: US$1,000,000)	100%	Manufacturing of optical frames, sunglasses 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 Company 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 2010 and 2009 or at any time during the year.

FINANCIAL SUMMARY

Results

	Year ended 31 March				
	2006 HK$'000	2007 HK$'000	2008 HK$'000	2009 HK$'000	**2010** **HK$'000**
Revenue	657,254	965,990	1,044,024	1,063,178	**871,823**
Profit before taxation	80,955	138,428	156,279	125,049	**91,836**
Taxation	(8,003)	(12,526)	(14,858)	(10,014)	**(7,472)**
Profit for the year	72,952	125,902	141,421	115,035	**84,364**

Assets and Liabilities

	At 31 March				
	2006 HK$'000	2007 HK$'000	2008 HK$'000	2009 HK$'000	**2010** **HK$'000**
Total assets	721,387	812,510	935,447	944,389	**1,010,122**
Total liabilities	(163,523)	(164,510)	(193,360)	(139,993)	**(165,511)**
Shareholders' equity	557,864	648,000	742,087	804,396	**844,611**

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

Legal Adviser on Bermuda Law

Conyers Dill & Pearman

Registered Office

Clarendon House
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
18th Floor
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

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

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二零零九年至二零一零年年報
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1001C, 10th Floor, Sunbeam Centre, 27 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong
(香港)九龍觀塘成業街27號 日昇中心10樓1001C室
Tel 電話：(852) 2341 7698　Fax 傳真：(852) 2797 9189