Valuetronics

Enhancing the Value of Growth

Valuetronics Holdings Limited
Annual Report 2011

CONTENTS

CORPORATE PROFILE

Creating Value

At Valuetronics, we believe we are amongst an emerging breed of Electronics Manufacturing Services ("EMS") providers which focus on a proactive engagement with the market so as to understand market trends and initiate product-oriented solutions that meet the ever-changing needs of customers.

Established in 1992 and headquartered in Hong Kong, Valuetronics has grown through the years to become more than an integrated EMS provider with principal business segments ranging from Original Equipment Manufacturing ("OEM") to Original Design Manufacturing ("ODM") services. Our business has now expanded to encompass the entire value chain, with the acquisitions of exclusive licensing rights from a notable home appliances giant to use its established brand names for a portfolio of home comfort appliances, which include portable air purifiers, portable electric fans and portable heaters in the North American market ("Licensing business").

Our proactive philosophy in customer engagement that leverages on our design and development ("D&D") capabilities supported by integrated manufacturing capabilities from plastic tool fabrication and injection molding, metal stamping and machining, to surface mount technology and full turnkey finished product assembly, sets us apart from traditional EMS providers. Our wide product and customer range is a testimony of the success of this philosophy, while we continue to develop long-term relationships with global customers in the consumer, commercial, industrial, telecommunications and medical equipment industries by constantly focusing on their objectives, priorities and delivery needs.

Today, we are a premier design, manufacturing partner for the world's leading brands in the consumer, commercial and industrial electronics sectors and a licensee of a well-known brand for home comfort appliances. Our customer base covers the industrial and commercial electronics, medical equipment and consumer electronics industries, which span across a wide geographical region that covers America, Europe and the Asia Pacific.

At Valuetronics, we deliver not just products, but total solutions that meet the needs of our diverse client base.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am happy to report that the financial year ended 31 March 2011 ("FY2011") has been another year of growth for Valuetronics ("the Group"). I believe that we have weathered our challenges well and with the strong support of our customers, have managed to improve our financial performance compared to the financial year ended 31 March 2010 ("FY2010").

REVIEW OF FY2011

Our turnover for FY2011 hit a record high of HK$1.97 billion, which was a 73.4% increase from FY2010. Our net profit correspondingly grew some 106.3% to HK$121.2 million from the previous financial year. In FY2011, we saw significant growth in both the Original Equipment Manufacturing ("OEM") and Original Design Manufacturing ("ODM") segments under our Electronics Manufacturing Services ("EMS") business. This was due to the strong demand by our major customers as a result of the stabilising of the global economy as well as new products being launched. Even as our EMS business steadily grows, we have also taken steps to build up a second growth engine for the long-term development of the Group.

BUILDING TWIN GROWTH ENGINES

As you are aware, we made the strategic move of entering into the Licensing business in March 2010, which is an enhancement of our business model to include marketing and sales and distribution activities building on foundations of our ODM capabilities. We started our first exclusive licensing agreement with a renowned home appliance giant to use their brands names to design, manufacture, market and sell portable air purifiers in the North American market. Our Licensing business has recorded a total of HK$33.4 million in sales for FY2011 since commencing in the first quarter of the year. We have also entered into a second exclusive licensing agreement with the same partner to include portable electric fans and portable heaters, thereby expanding our product portfolio in the home comfort appliance space.

The progress of our Licensing business has been steady. We have had to build up our capabilities in this new business and incur upfront expenses including staff, product and packaging design and marketing costs. However, I see these expenses as an investment in our Licensing business as we learn and build up our knowledge and expertise. Currently, we have 29 staff supporting this business in the US, Hong Kong and the PRC.

I am also happy to report that our various products have made inroads into specialty stores, departmental stores, DIY stores and retail clubs in the US. Our efforts in developing the Licensing business will continue as we focus on steadily expanding our customer base and product portfolio while further broadening our distribution channels and networks.

Even as we build up our Licensing business, we are not neglecting our core EMS business. The long term vision is therefore for our EMS and Licensing businesses to be the twin engines of growth for the Group. In FY2011, both OEM and ODM segments experienced customers increasing their sales orders and launching new products for the year. Going forward, we expect to benefit from the launch of new products by our customers and to continue to enjoy the growth momentum from our OEM and ODM customers. In addition, we have started to ship products for our new ODM customer in FY2011 and are in the process of acquiring new industrial and commercial customers for our OEM business segment.

DEVELOPING CAPABILITIES

Our strong customer relationships exist because we are a value-added partner, which is the hallmark of Valuetronics. For example, our OEM service is not conducted in the traditional contract manufacturing manner. We offer what we call "OEM plus" services, which also include rapid prototyping, design for manufacturing, and supply chain management services. Our objective as a value-added partner is to build and nurture long term customer relationships, by making ourselves indispensible to our customers and to be part of their product development resources.

However in order to do so, we need to continually invest in boosting our technical capabilities in terms of both hardware and software. We have continually invested in new equipments in tandem with our production needs such as higher tonnage plastic injection moulding machines, SMT machines and other reliability testing and precision measuring equipment over the years. More importantly, we also have increased our engineering headcount from 100 to 150 engineers over the past year, further boosting our capabilities in product design and development as well as process improvement and automation. We will continue to invest in our technical and capabilities so as to provide continuous value-added service to our customers.

INCREASING EFFICIENCY AND REDUCING COSTS

In our industry, the management of costs has always been a major factor affecting profitability and margins. On top of this, we also continue to face the operating challenges such as inflation, minimum wage increases in the PRC, and foreign exchange fluctuations even as the global economy recovers. To deal with such challenges, the Group has always adopted a cautious and prudent stance, while strengthening our business and financial fundamentals. The fact that we have survived many economic upheavals since our inception attests to our resilience and our ability to constantly innovate.

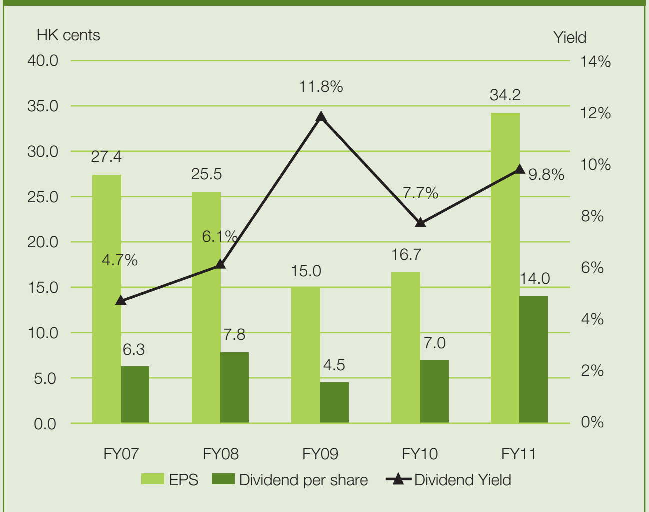
By adopting a holistic view of increasing efficiency and reducing costs, we have positively impacted our business. One of the key improvements is our Lean Manufacturing Programme ("LMP") which started in mid 2010 and is targeted to build up a mind set of eliminating waste and non-value added activities through a systematic introduction of work cell manufacturing and process automation. To give an idea of its efficacy, when applied to one of our production lines, we managed to dramatically reduce headcount and free up production space without any change in its output. We are now rolling out our LMP company-wide to all production lines so as to reap quantum increases in efficiency. Supporting the efficiency drive on the other hand, is our increased sourcing and component localisation efforts while improving our credit controls and vendor management, so as to bring down costs.

ORGANISATIONAL DEVELOPMENT

While we pursue our growth strategies, we will also need to spend some time on organisational development. Key to our success is our staff, whose commitment, dedication and hard work has helped the Group achieve its growth. As we grow in size, we also want to ensure that our organisational structures and processes are well suited to handle the challenges and complexities that such growth brings and that our key employees have the necessary skills to cope.

Currently, we have embarked on "Lean Manufacturing" training for all staff from the top-down, so as to ensure that our LMP is successfully implemented. We have also been conducting regular in-house training to ensure a smooth

DIVIDEND PER SHARE, EARNINGS PER SHARE ("EPS") AND DIVIDEND YIELD IN LAST 5 YEARS



transfer of knowledge and expertise from the experienced staff to less experienced staff. This is balanced with staff welfare policies and recreational activities and an employee remuneration that is in line with industry norms and periodically reviewed, with bonuses awarded for both individual and Group performance. The Group also has share option schemes and performance share plans as a reward to key employees, thereby aligning their interests with our shareholders.

ENHANCING SHAREHOLDER VALUE

All in all, the Board of Directors expects the Group to remain profitable, barring any unforeseen circumstances. I would like to add that with all the strategies outlined above, we are on track to build an even better company with twin growth engines, a strong balance sheet and efficient operations. I would like to reiterate on our emphasis on enhancing shareholder value, which is why we are proposing our highest ever dividend of HK 14.0 cents, representing a payout of about 41% of net profit.

In closing, I wish to express my appreciation to our Board of Directors, business partners, customers, suppliers, business associates, staff and shareholders for their continued support, as we enhance the value of our growth.

FINANCIAL HIGHLIGHTS

For the year ended 31 March		2007	2008	2009	2010	**2011**
Operating results (HK$ million)						
Revenue	ODM	200.4	203.7	165.7	216.1	**319.6**
	OEM	523.5	680.5	794.4	920.0	**1,617.4**
	Licensing	–	–	–	–	**33.4**
	Total	723.9	884.2	960.1	1,136.1	**1,970.4**
Gross profit		146.5	182.0	167.5	177.3	**309.7**
Profit before taxation		85.4	100.3	59.6	66.1	**136.6**
Profit attributable to owners of the Company		74.2	90.5	53.1	58.8	**121.2**
Financial position (HK$ million)						
Cash generated from operations		59.8	89.3	104.9	29.5	**46.2**
Net cash&		176.6	181.7	153.5	139.9	**98.2**
Total equity		223.1	297.6	323.5	370.3	**476.2**
Per share data (HK cents)						
Earnings per share – basic		27.4^	25.5	15.0	16.7	**34.2**
Dividend per share		6.3	7.8	4.5	7.0	**14.0**
Net asset value per share		62.9#	83.8	92.0	105.1	**133.9**
Key ratios (%)						
Gross profit margin		20.2%	20.6%	17.4%	15.6%	**15.7%**
Net profit margin*		10.3%	10.2%	5.5%	5.2%	**6.2%**
Return on equity		33.3%	30.4%	16.4%	15.9%	**25.5%**

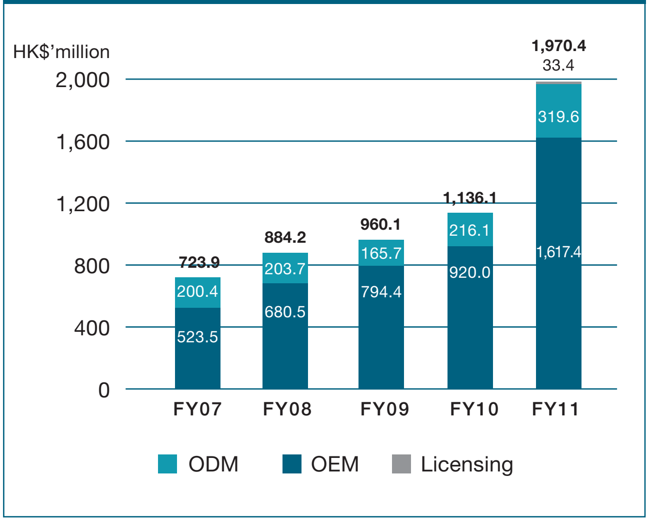
& Net cash is calculated by bank and cash balances minus bank borrowings and overdraft

^ Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company of approximately HK$74,215,000 by the weighted average number of ordinary shares in issue of 271,164,384 during the financial year ended 31 March 2007.

Net asset value per share is calculated by dividing the net asset attributable to the owners of the Company of approximately HK$223,123,000 by issued share capital of 355,000,000 ordinary shares of HK$0.1 each as at 31 March 2007.

* Net profit margin is calculated by profit attributable to the owners of the Company to revenue

Delivering Growth



REVENUE

In view of the improved general sentiments of the overall global economy, the Group's FY2011 financial performance surpassed FY2010 with a 73.4% increase in revenue to HK$1,970.4 million from HK$1,136.1 million in FY2010. The growth was primarily due to significant growth from its major OEM and ODM customers in its EMS business.

The OEM segment recorded a revenue increase of 75.8% to HK$1,617.4 million in FY2011 from HK$920.0 million in FY2010, largely attributable to the significant increase in demand from a number of major customers. Additional sales orders and significant growth from the Group's major customers enabled revenue from the ODM segment to rise by 47.9% to HK$319.6 million from HK$216.1 million in FY2010.

The Group's Licensing business, which commenced in the first quarter of FY2011, recorded a total of HK$33.4 million sales in this financial year.

GROSS PROFIT

In line with the overall growth in revenue, gross profit for FY2011 rose by 74.6% to HK$309.7 million from HK$177.3 million registered in FY2010. Gross profit margin remained stable at 15.7% as a similar product mix was achieved during the year.

OTHER INCOME

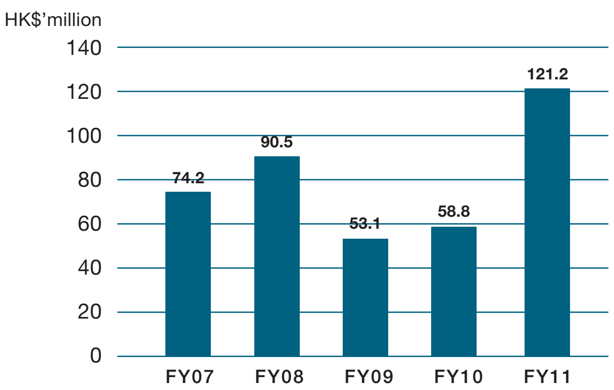
The Group's other income for FY2011 increased by 37.2% to HK$7.7 million from HK$5.6 million in FY2010. The increase was mainly attributable to the increase in tooling income of HK$0.5 million and gain on disposals of plant and equipment of HK$0.6 million.

OPERATING EXPENSES

For FY2011, there was an increase in the Group's headcounts for both its EMS and Licensing businesses to meet the demands of the overall surge in customers' orders. As such, selling and distribution costs increased by 62.2% to HK$68.8 million in FY2011 from HK$42.4 million in FY2010, mainly driven by the increase in salaries and allowances for the Group's marketing staff as well as the increase in sales commissions payable to the Group's sales representatives.

Administrative expenses rose by 72.7% to HK$110.3 million from HK$63.9 million registered in FY2010. The increase was mainly contributed by the increase in salaries and bonus for the Group's administrative and corporate employees in light of the business recovery during the year. This increase is consistent with the increase in headcount from FY2010 for both the EMS and Licensing businesses.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY IN LAST 5 YEARS



PROFIT AFTER TAX AND EARNINGS PER SHARE ("EPS")

The Group's profit before tax for the year increased by 106.7% to HK$136.6 million from HK$66.1 million as compared with the previous corresponding year. All in all, the Group recorded a profit after tax of HK$121.2 million for FY2011, a 106.3% jump from HK$58.8 million in FY2010. As a result, the Group achieved outstanding EPS rise of 104.8% to HK 34.2 cents for FY2011 as compared to HK 16.7 cents registered in the previous financial year.

FINANCIAL POSITION

The Group's available-for-sale financial assets represent the Citigroup's Senior Notes, which were fully redeemed at original cost during the year.

Overall, the Group closed its FY2011 book with a strong financial position. For FY2011, net asset value per share rose 27.4% to HK 133.9 cents from HK 105.1 cents recorded in the previous year.

In tandem with the overall growth in customers' orders for the financial year, the Group's inventories increased to HK$213.0 million as at 31 March 2011 from HK$129.9 million as at 31 March 2010.

With the significant growth in sales from a number of major customers, who were granted longer credit terms, trade receivables increased to HK$430.8 million as at 31 March 2011 from HK$273.7 million as at 31 March 2010. Trade payables also increased to HK$302.4 million as at 31 March 2011 from HK$229.8 million as at 31 March 2010. The increase mainly resulted from the overall growth in raw material purchases so as to cope with the increase in sales orders and demand during the financial year.

CASH FLOWS

The cash and cash equivalents held by the Group dropped to HK$136.2 million as at 31 March 2011 from HK$139.9 million as at 31 March 2010. Such decrease in balance is in line with the higher working capital requirements for the purpose of additional inventories, trade payables and trade receivables as well as the additions of property, plant and equipment to cope with the increase in demand and orders during the year.

The Group currently places most of its cash as bank deposits with reputable financial institutions in Hong Kong.

Pursuing Excellence

Even with its newly established brand Licensing business, Valuetronics continues to remain focused on pursuing excellence in execution, innovation and technology in its two core OEM and ODM segments under its existing EMS business.

Valuetronics has built depth in its D&D capabilities, with core competencies in engineering, technical and electro-mechanical design, especially with regard to radio frequency and microprocessor applications for various products. The Group caters to the industrial and commercial electronics, telecommunications, medical equipment and consumer electronics industries, spanning a wide geographical region that covers America, Europe and the Asia Pacific.

With strong EMS capabilities coupled with a stabilised global economic environment, the Group was able to make great strides especially in FY2011.

EMS Business

OEM SEGMENT

Energy-saving LED lighting devices continued to be one of the main revenue contributors to the OEM business segment and the Group for FY2011. With the growing environmental consciousness across the globe, the demand for “green” products has been high, especially in places like Europe. As the trend for energy-saving products continues to grow, the Group has continued to broaden its range of LED lighting product.

Moreover, with the US Department of Energy estimating that switching to LED lighting over the next two decades could save the country US$120 billion in energy costs over that period, reduce the electricity consumption for lighting by one-fourth, and avoid 246 million metric tons of carbon emission[1], the Group sees huge growth potential for the LED lighting segment.

Furthermore, with the Group’s lighting customer having obtained the “Energy Star” certification for a number of its lighting products in the US during the year, it is believed that this certification would open new doors and opportunities for its new lighting products to be launched in the US market next year. The Group expects the LED lighting product segment to continue to be one of the key contributors to the Group’s overall revenue as it rides on the continuation and momentum of the current green movement across the world.

Other OEM customers have increased their orders in FY2011 for various reasons. For the Group’s transaction printer customer, it was a combination of delayed orders from the previous reporting period by their customers due to an unstable economy as well as the introduction of new products during the year which led to the overall increase in sales in FY2011.

1. U.S. Department of Energy - http://www1.eere.energy.gov/buildings/ssl/sslbasics_whyssl.html

OPERATIONS REVIEW

In order to cope with current production due to increasing orders from customers as well as the expansion of new product offerings, the Group has expanded their production capacity by installing new surface mount technology lines, new plastic injection machines as well as new auto spray machines. Additionally, the Group has also relocated their home appliance production floor to enhance its work cells and lean manufacturing initiatives to improve production efficiencies.

Apart from the existing range of products that it manufactures, the Group has also been seeking new areas of growth to enhance their product portfolio. New product segments are being prepared for the Group's printed circuit board assembly customer with expected revenue contribution in the next financial year. In addition, the Group is also looking for new industrial and commercial customers, and discussions to manufacture interactive education tools and transaction printers are currently in the pipeline.

ODM SEGMENT

The Group's established and recognised reputation for delivering innovative products and solutions as well as quality services over the years allowed for continued direct partnership with a kitchen counter-top appliance giant during the year. The growing orders from this customer had driven revenue growth for the ODM business segment for the year. Furthermore, the Group also collaborated with the existing infant electronic products customer to develop new product series which includes producing a new generation video baby monitor.

During the year, orders for the Group's new ODM customer have been successfully delivered. Anchoring on Valuetronics' credibility and good working relationships with its customers, the new ODM customer had endorsed the Group with repeated orders that are expected to start delivery in the third quarter of FY2012.

Licensing Business

Equipped with the skills and expertise to design and manufacture, Valuetronics has capitalised on these strengths and taken the ODM business to a new level. As an extension of the ODM business, the Group has enhanced its business model to encompass product brand management, marketing and the sales and distribution of goods at the retail level during the year. This was made possible through the acquisition of a licensing agreement to use established brands comprising Whirlpool, Maytag and Amana for portable air purifier in the North American market. Mass production of the professional series had begun in late FY2010 and started registering sales in the first quarter of FY2011.

Having launched its first air purifier in April 2010, the Group's Licensing business has received positive market responses thus far, and this has translated to positive revenue contribution for the Group's revenue in FY2011. However, understandably, as the Group continues to build up the market for its licensed products, upfront expenses, which includes staff cost, product and packaging design and product marketing, adversely affected the operating result of the Licensing business in FY2011.

Following its first launch and in a bid to sustain business momentum, the Group further secured the exclusive rights to manufacture, design and distribute two additional home comfort appliances, which are portable electric fans and portable heaters, in September 2010. The Group expects this broadened product portfolio to continue to expand and contribute positively to its revenue on top of improving marginal returns for the Licensing business in FY2012.

The Group has successfully debut and launched its licensing products in the North America retail market and has subsequently enhanced its presence and foothold over the year. Apart from setting up a US subsidiary in Boston, the Group also employed a talented pool of specialists in this area of business who possess extensive experience and knowledge of home comfort appliance and US market.

Overall, the Group will continue to channel its efforts in developing its Licensing business by focusing on steadily broadening its customer base and product portfolio in this business segment. Together with the existing EMS business, Valuetronics believes that its two engines of growth will provide a well-balanced income stream with healthy margins over time.

Human Resource Development

The side effects of the China government's stimulus packages implemented during the economic slowdown, such as its pro-agriculture policy to stem rural to urban migration have started to trickle down into the economy. Together with the improved business sentiments since the second half of FY2010, the tight workforce supply in Guangdong Province where the Group's facilities are situated has become an operational challenge to the Group.

Moving some manufacturing operations into the inner provinces has been one of the strategic options the Group has been considering to deal with labour supply imbalances and future rising costs in Southern China. Considering the tight workforce supply as an ongoing operational challenge, the Group has pre-empted this by establishing Honor Tone Electronics Technology (Anhui) Limited ("HT Anhui"), a wholly-owned subsidiary located in Anhui Province, PRC, in a bid to tap into the abundant pool of semi-skilled labour. HT Anhui is in cooperation with Taihu Xian Vocational Training School ("School") where a production facility set up at the School. This production facility will manufacture mature products using the labour available in Anhui Province and will be a showcase and training platform for the School to better understand EMS in practice.

As part of the Group's strategy to pursue long term relationship with its workforce, the Group strongly believes in ensuring fair treatment of employees' rights as well as hiring under proper contract terms and paying appropriate wages. In order to further foster a sense of belonging amongst the employees, the Group established an employee welfare committee and an employee care centre. Staff welfare for Valuetronics' employees include monthly birthday parties, red packets for Chinese New Year and delicious traditional food and delicacies are given out to the staffs during festive seasons such as Dragon Boat Festival and Mid-Autumn Festival. Also, recreational activities are specially organised for operators in the factory throughout the year ranging from competitions and forming social clubs for activities such as Karaoke, basketball etc., to team bonding functions such as Friday Movie Nights, major festival events etc.

To contend with increasing payroll costs as a result of rising minimum wage rates by the Chinese government, the Group has stepped up its efforts in the Lean Manufacturing Programme ("LMP") by further increasing its production efficiency and actively looking into process automation opportunities. As an integral part of the LMP, the Group has adopted cell manufacturing which aims to reduce production line space through the minimisation of transferring of work-in-progress from one process to another, to reduce idle time and movements of the operator, and to reduce reaction time. On the whole, the Group wishes to improve overall unit production time and efficiency.

Additionally, the Group believes its workforce must constantly upgrade and enhance their skills so as to remain competitive and productive. The Group aims to nurture workforce capabilities throughout the business. Bearing this in mind, Valuetronics provides constant in-house technical lessons and on-the-job skills training led by experienced engineering and management staff as part of its ongoing effort to raise standards across all levels of management and production staff.

Fully recognising the importance of employees who contribute significantly to the success of the Group, Valuetronics' employee remuneration packages are in line with industry norms and are subject to annual review. Bonuses are awarded to employees based on both individual and the Group's overall performance each year.

The Group also has employees' share option schemes and performance share plans, which are granted to eligible employees as a reward for their contribution, thereby aligning them with shareholders' interest as well.

Looking Ahead

The performance for FY2011 was impressive as the Group saw outstanding growth in the OEM and ODM business segments. Despite the improved global economy, and even as the notable results for FY2011 demonstrates Valuetronics' strong capabilities and abilities to fulfill market demands and tackling competition over the year, the Group will continue to face external challenges in its operations for the coming year.

In light of the operational challenges such as raw material price inflation, the increase in minimum wage in the PRC and fluctuations in foreign currencies, for instance, the potential appreciation of the Renminbi continuing to be prevalent, the Group will continue to remain cautious and prudent in monitoring and responding to market developments by strengthening its business and financial fundamentals. Consequently, the Group has been able to pass a portion of the increased operating costs to certain customers and has been able to achieve greater yield and operational efficiencies.

On an ongoing basis, the Group will continually enhance their design and development capabilities as well as strengthen their marketing reach. In order to achieve greater production efficiencies, the Group will constantly keep a close watch on productivity and impose strict cost control measures by means of wider sourcing and more component localisation efforts to help to reduce cost.

Concurrently, the Group has employed system automations and adopted the LMP to effectively deal with efficiency and productivity challenges. To fully ensure that the adoption of LMP is entirely integrated into the company, a "Boot Camp" introduction on lean manufacturing was organised for top management and key managers to attend with the aim of developing a top-down approach. Subsequently, the first and second pilot runs were successfully carried out in the third quarter of FY2011.

Seeing the success of these pilot runs, the Group continued with its lean manufacturing efforts by pushing down the training program across the company, including group leaders and operators. The Group has effectively carried out the full roll out of the LMP to different production lines for its major customers in the fourth quarter of FY2011.

Looking ahead, the Group will step up on managing its operational efficiencies and at the same time continue its efforts in business development to improve its customer portfolio by exploring new business and sales opportunities to sustain growth for FY2012.

VALUETRONICS' MILESTONES

CALENDAR YEAR

▶ 1992
Incorporated and headquartered in Hong Kong with manufacturing facilities established under a Processing Arrangement in Guangdong Province, PRC

▶ 1993
Commenced the operations of providing turnkey EMS to OEM customers

▶ 1994
Relocated manufacturing facilities to a larger factory in Danshui Town

▶ 1995
Accredited with ISO9002:1994

▶ 1996
Upgraded and invested in the first SMT assembly line

▶ 1998
Formed in-house D&D team to provide complete range of ODM services

▶ 1999
Expanded and diversified customer base from 16 to over 40 international customers covering Asia-Pacific region, America and Europe

▶ 2000
Acquired plastic injection moulding operations

▶ 2002
Accredited with TL9000

▶ 2003
Updated to ISO9001:2000

▶ 2004
Accredited with ISO1400:1996

▶ 2005
Shortlisted as one of eight PHILIPS' preferred worldwide suppliers for PCBA and PCB modules

Acquired land use rights to construct a new manufacturing facility in Daya Bay Economy and Technology Development District ("Daya Bay Facility")

▶ 2007
Listed on SGX-Mainboard

Accredited with ISO13485

Designed, developed and commenced production of a new line of video baby monitor under the GRACO brand

Enhanced design and development capabilities with new tool design and fabrication section

Commenced construction for the 35,000 sqm production area of Phase 1 of the Daya Bay Facility

▶ 2008
Completed construction of the Phase 1 of Daya Bay Facility

Commenced systematic project transfers of major customers to the Daya Bay Facility

▶ 2009
Completed relocation of back office functions including general management, computer and engineering centres to the Daya Bay Facility

Accredited with ISO9001 and ISO14001 for the Daya Bay Facility

Acquired In Vitro Diagnostic ("IVD") medical equipment manufacturer and completed pilot shipment of IVD equipment

▶ 2010
Signed the first licensing agreement for exclusive rights to use established Whirlpool, Maytag and Amana brands for portable air purifier for the North American market

Established The Master Brands Group Corporation ("MBGC"), a wholly-owned subsidiary in the US, for Licensing business

Portable air purifier model AP51030K marketed under the Whirlpool brand was rated number 1 by Consumer Reports magazine's September 2010 issue in the US

Set up a team of technology development specialists and sales professionals in the US for Licensing business and appointed General Manager and Chief Technology Officer

Signed the second licensing agreement for its exclusive right to use Whirpool and Amana brands for portable electric fans and portable heaters in the North American market

Established Honor Tone Electronics Technology (Anhui) Limited, a wholly foreign-owned enterprise in Anhui Province, PRC

Spearheading Growth

MR TSE CHONG HING

Chairman and Managing Director

Tse Chong Hing is the Chairman and Managing Director of our Company. He joined the Group in November 1996 as the Assistant to the then Managing Director. He is responsible for strategic planning and the general management of our Group.

Mr Tse has over 19 years of experience in finance and operations management in the electronics manufacturing industry. He is a Practising Member and Fellow of the Hong Kong Institute of Certified Public Accountants. He holds a Diploma in Business Studies from the Hang Seng School of Commerce and a Postgraduate Diploma in Management Studies from the Hong Kong Polytechnic.

MR CHOW KOK KIT

Executive Director

Chow Kok Kit is one of the founders of the Group and an Executive Director of our Company. He is responsible for the design and development ("D&D") as well as purchasing functions of our Group.

Mr Chow has over 24 years of experience in the electronics manufacturing industry. He specialises in the D&D of telecommunication and computer products, and holds an Associateship in Mechanical Engineering and a Higher Certificate in Mechanical Engineering from the Hong Kong Polytechnic.

MR HUNG KAI WING

Executive Director

Hung Kai Wing is the Executive Director of our Company and he joined the Group in March 2000. He is responsible for overseeing the manufacturing operations of our Group.

Mr Hung has over 39 years of experience in the electronics manufacturing industry. He holds a Diploma in Small Company Management from the Chinese University of Hong Kong, a Certificate in Operations Planning and Control from the University of Hong Kong, a Certificate in Design of Productive Systems from the University of Hong Kong and a Higher Certificate in Production Engineering from the Hong Kong Polytechnic.

MR CHOW KOK KEE

Lead Independent Director

Chow Kok Kee was appointed as the Lead Independent Director of our Company on 6 February 2007. Mr Chow is currently the Managing Director of ACTA Investment & Services Pte Ltd ("ACTA"). Mr Chow's working experience began in June 1976 with six years in the government administrative service holding management positions in the Ministry of Defence and the Ministry of Education. Subsequently, from September 1982, he was employed by DBS Bank Ltd for 15 years working in various areas of financial services including Corporate Planning, Planning and Support, Credit and Marketing, Finance, Tax and Settlements, and International and Correspondent Banking. In August 1997, he assumed his current position as Managing Director of ACTA. A Colombo Plan scholar, he graduated from the University of Newcastle, Australia, with Bachelor of Commerce (1974) and Bachelor of Engineering (First Class Honours, 1975) degrees. He was awarded the University Gold Medal for academic excellence. He also holds a Master of Business Administration degree from the National University of Singapore. Mr Chow is a Member of the Institute of Engineers, Australia, an Associate of the Institute of Chartered Secretaries and Administrators, and a Fellow of the Singapore Institute of Directors. He also sits on the Boards of Chosen Holdings Ltd, Meiban Group Ltd, Innovalues Ltd, Tuan Sing Holdings Ltd and M1 Ltd. He was Director of Sing Lun Holdings Ltd and Thai Village Holdings Ltd in the last three years.

MR LIM CHIN TONG

Independent Director

Lim Chin Tong was appointed as an Independent Director of our Company on 6 February 2007. He is currently an Executive Director of Manufacturing Integration Technology Ltd, a manufacturer of semiconductor and solar equipment for the global market. Mr Lim spent 20 years in the Singapore government with the Economic Development Board before moving to the private sector in 2000. Since then, he has been actively involved on the boards of a number of publicly-listed and private companies in Singapore and Australia such as Metal Component Engineering Ltd, Fastube Ltd, Encus International Pte Ltd, MEC Resources Ltd and Grandbridge Ltd. In the academic arena, Mr Lim is a member of the Board of Governors of Nanyang Polytechnic and Ahmad Ibrahim Primary School Advisory Committee. Mr Lim has a Bachelor of Science (Hons) degree from the University of Leeds (UK) and a Diploma in Business Administration from the National University of Singapore. In addition, he attended the Program for Management Development at the Harvard Business School.

MR SIU PING KWONG

Independent Director

Siu Ping Kwong was appointed as an Independent Director of our Company on 6 February 2007. Mr Siu has over 24 years of experience in accounting and finance, having overseen finance functions of various Hong Kong and regional based companies since 1986. At present, Mr Siu is the Finance Director, Asia Pacific of William Grant & Sons Distillers Limited. Mr Siu is a member of the Institute of Chartered Accountants in England and Wales, a Fellow of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants. He holds a Master of Business Administration degree from Heriot-Watt University, Edinburgh, United Kingdom and a Master of Science in Information System Management degree from the Hong Kong University of Science and Technology.

KEY MANAGEMENT

Talent & Expertise

MR WONG HING KWAI

Director, Plastics Division

Wong Hing Kwai is Director of our Plastics Division. He is responsible for the overall management of Plastics Division. Mr Wong has over 34 years of experience in plastic injection moulding and holds a Bachelor of Engineering degree from Shanghai Jiao Tong University, PRC.

MR TONY KWONG WAN KIT

Group Financial Controller

Tony Kwong is our Group Financial Controller and he joined our Group in June 2010. He is responsible for overseeing all finance and accounting functions of our Group.

Mr Kwong has more than 10 years of experience in the accounting and auditing profession. Prior to joining the Group, he was a senior audit manager at PricewaterhouseCoopers in Hong Kong where he was responsible for managing audit engagements from planning to completion for a number of major private and listed companies in Hong Kong. Mr Kwong is a Fellow of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. He graduated from the City University of Hong Kong with a Bachelor of Business Administration degree in accounting.

MR LOIC MESTON

Vice President, Business Development

Loic Meston is our Group's Vice President of Business Development. He joined our Group in October 2003 and is based in USA. He is responsible for our Group's business development activities and also provides customer support to our customers located in USA and Europe. He is also responsible for providing our D&D team with market analysis on product trends and regulatory requirements.

Mr Meston has over 20 years of experience in sales and product development. He holds a degree in engineering from the Higher School of Engineering, Marseilles, France, and a Master of Business Administration degree from the University of Rochester, USA.

MR PETER LAU TAK WAH

Senior Business Unit Manager

Peter Lau is one of our Group's Senior Business Unit Managers and he joined our Group in September 2004. He is responsible for Customer Program Management and Customer Service, Material Purchase, Production and Material Control, Project and Process Engineering and Production in one of the major business units in the Group.

Mr Lau has over 20 years of experience in Customer Program Management in different top tier EMS companies. He holds a Master of Business Administration degree in Management from the Southeastern University, USA, a Bachelor of Science degree in Applied Computing from the Open University of Hong Kong and a Higher Diploma in Production and Industrial Engineering from the Hong Kong Polytechnic University.

MR BRUCE YIP CHU LEUNG

Senior Business Unit Manager

Bruce Yip is one of our Group's Senior Business Unit Managers and he joined our Group in September 2009. He is responsible for the overall management of one of the business units in the Group.

Mr Yip has over 18 years of experience in program management and business development with various EMS companies. He holds a Master of Business Administration degree from the University of Warwick, UK, a Bachelor degree of Social Science from The Chinese University of Hong Kong.

MR HUANG JIAN YUAN

Operations Manager

Huang Jian Yuan is the Group's Operations Manager and he joined our Group in September 2007. He oversees the factory operations of our Group. His areas of responsibilities include Production management, Manufacturing engineering, Production/Material Control, Warehouse/Logistics, LEAN/ Best Practices , Quality Management , Human Resources administration and Campus/Facilities administration.

Mr Huang has more than 19 years of experience in program and operation management with various EMS companies. Prior to joining the Group, he was the director of business units with Beyonics, operations general manager with RTI Tech in Singapore and plant manager with Flextronics China. He holds a Bachelor of Engineering degree from National University of Singapore and a Graduate Diploma in Business Administration with Singapore Institute of Management.

MR HO YAM HIN

General Manager, Plastics Division

Ho Yam Hin is the General Manager of our Plastics Division and he joined our Group in March 2000. He assists Mr Wong Hing Kwai in the overall management of Plastics Division.

Mr Ho is a certified Six-Sigma Black Belt and has over 25 years of experience in plastic injection moulding. Mr Ho holds a Diploma in Plastic Industry Management jointly issued by Zhongshan University, PRC and the Hong Kong Plastics Technology Centre.

MS MICHELLE LIM AI HUANG

General Manager, Licensing Business

Michelle Lim was appointed as the General Manager of Master Brands HK Limited in July 2010. She is responsible for overseeing the Licensing business, engaging in existing potential suppliers of components and products to support product development efforts and roll out of future products for the Licensing business.

Ms Lim has more than 15 years of experience in the merchandising field, working on new product developments and supplier management. Prior to joining the Group, she was the Sourcing Director for Personal Care & Comfort at Jarden Consumer Solutions looking after Home Environment/ Personal Comfort & Wellness products. Before that, she was the Merchandising Director at The Holmes Group (FE) Ltd where she led both the Sourcing and Production Planning Control teams. She was also the Merchandising Manager at Sears Buying Services Inc (HK) and was involved in sales and marketing roles at other companies. She holds a Bachelor degree of Business (Distinction) from the Royal Melbourne Institute of Technology.

MR WALTER G BIRDSELL

Chief Technology Officer, Licensing Business

Walter G Birdsell was appointed as the Chief Technology Officer of The Master Brands Group Corporation, the Group's wholly owned US subsidiary, in August 2010. He is responsible for the product design and technology development for the Group's Licensing business.

Mr Birdsell has more than 26 years of experience in manufacturing with hands on product development knowledge in the design, engineering, and testing of consumer products, he possesses expertise in the home comfort products as well as extensive experience and knowledge of the American and international markets. Prior to joining the Group, he was a 15 year veteran of Kaz Incorporated/ Honeywell Consumer Products, where he held appointments such as Senior Director Government & Legal Affairs, Director of Engineering and Engineering Manager, overseeing the Retail Medical & Home Environment Appliances. Before that, he was involved in design and engineering roles at Black & Decker, Executone Information Systems, Bunker Ramo-Allied Signal and Locknetics Corporation.

Mr Birdsell is a graduate of Porter & Chester with a diploma in Mechanical and Electrical Engineering. He is a certified Six-Sigma Black Belt, with extensive training in printed circuit, plastic molding and metal stamping engineering.

The Board is committed to setting and maintaining high standards of corporate governance within the Company and its subsidiaries to preserve and enhance the interests of all shareholders. The Board has adopted the recommendations of the Code of Corporate Governance 2005 (the "Code").

This report describes the Company's corporate governance practices with specific reference to each of the principles set out in the Code. The Company confirms that it has adhered to the principles and guidelines set out in the Code, where applicable, and appropriate explanations are provided for areas of deviation.

BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

The Board oversees the Group's overall strategic plans, key operational initiatives, major funding and investment proposals, financial performance reviews and corporate governance practices.

Matters that specifically require the Board's attention include the release of quarterly and full-year results announcements, recommendation on the declaration of dividends, approval of annual audited financial statements for the Group and the Directors' Report thereto, approval on the nomination of Directors and appointment of key personnel and the Company Secretary, as well as other major corporate actions.

Board Committees have been established to assist the Board in discharging its responsibilities and to enhance the Group's corporate governance framework. The Board Committees comprise the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"), which have been delegated with specific authority. Each Board Committee functions within its own defined terms of reference and procedures. All committees are chaired by an Independent Director.

The Board conducts regular scheduled meetings on a quarterly basis to coincide with the announcement of the Group's quarterly and full-year results and to keep the Board updated on significant business activities and overall business environment. Ad-hoc meetings are held as and when required to address any significant issues that may arise. The Company's Bye-Laws provide for meetings to be held via telephone, electronic or other communication facilities which permits all persons participating in the Board meeting to communicate with each other simultaneously.

The attendances of the Directors at meetings of the Board and the Board Committees during the financial year under review are disclosed below:

Meeting of	Board	AC	NC	RC
Total held in FY2011	4	4	1	1
Executive Director				
Tse Chong Hing	4	N/A	N/A	N/A
Chow Kok Kit	2	N/A	N/A	N/A
Hung Kai Wing	3	N/A	N/A	N/A
Independent Director				
Chow Kok Kee	4	4	1	1
Lim Chin Tong	4	4	1	1
Siu Ping Kwong	4	4	1	1

Directors, when appointed, will receive an orientation that includes briefing by Management on the Group's structure, businesses, operations and policies. The Board is updated on amendments/requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), and other statutory and regulatory requirements from time to time.

New Directors, to be appointed in the future, will be provided with a letter of appointment setting out their duties, obligations and terms of appointment.

Principle 2: Board Composition and Guidance

The Board comprises of three Executive Directors and three Independent Directors:–

Name of Directors	Board of Directors	Date of appointment	Date of last re-election	AC	NC	RC
Tse Chong Hing	Chairman and Managing Director	25 August 2006	23 July 2010	–	–	–
Chow Kok Kit	Executive Director	25 August 2006	28 July 2008	–	–	–
Hung Kai Wing	Executive Director	25 August 2006	28 July 2008	–	–	–
Chow Kok Kee	Lead Independent Director	6 February 2007	20 July 2009	Chairman	Member	Member
Lim Chin Tong	Independent Director	6 February 2007	20 July 2009	Member	Member	Chairman
Siu Ping Kwong	Independent Director	6 February 2007	23 July 2010	Member	Chairman	Member

The Board comprises more than one-third Independent Directors who offer alternative view of the Group's business and corporate activities.

Independent Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide different perspectives to the Group's business. When challenging proposals or decisions, they individually bring with their independent judgment to bear on business activities and transactions involving conflicts of interest and other complexities.

The NC regularly reviews the size and composition of the Board. The Board considers its present size and composition appropriate, taking into account the nature and scope of the Group's operations. The Directors bring with them a wide spectrum of industry skill, experience, management expertise and objective perspective to effectively lead and direct the Group.

Principle 3: Chairman and Chief Executive Officer

The Company has not adopted a dual leadership structure whereby there is a separate Chief Executive Officer ("CEO") and Chairman of the Board. The duties of the Chairman of the Board and the Managing Director of the Company are both assumed by Mr Tse Chong Hing. The Board has adopted a single leadership structure whereby the roles of Chairman of the Board and the Managing Director are held by the same person, so as to ensure that the decision-making process of the Group would not be unnecessarily hindered. The workings of the Board and the executive responsibilities of the Company's business are interconnected. The Chairman is deeply involved in managing the daily operations of the Company and understanding the business of the Company and the Group thoroughly. Being the Managing Director, Mr Tse will be in the position to provide better guidance to the decisions and workings of the Board as the Chairman. The Chairman schedules meetings and sets the Board agenda in consultation with Management and the Company Secretary.

Mr Chow Kok Kee, the Lead Independent Director, is available to address shareholders' concerns on issues that cannot be appropriately dealt with by the Chairman, CEO or Group Financial Controller.

Principles 4 & 5: Board Membership and Board Performance

The NC is regulated by a set of written terms of reference and comprises three Independent Directors:

Siu Ping Kwong, Chairman
Chow Kok Kee
Lim Chin Tong

The NC Chairman is not associated with any substantial shareholder of the Company.

The NC, in accordance with written terms of reference duly adopted by the Board, is primarily responsible for:

- regularly reviewing the structure, size and composition of the Board;
- determining annually whether a Director is independent;
- making recommendations to the Board on all board appointments;
- recommending the nomination of Directors retiring by rotation to be put forward for re-election;
- assessing the effectiveness of the Board as a whole and the contribution of each of the Directors to the effectiveness of the Board; and
- assessing the commitment of each Director of the Company, in relation to multiple directorships held by Directors.

The Company's Process for Selection and Appointment of new Directors provides the procedure for identification of potential candidates' skills for nomination to the Board. The NC assesses the candidates' suitability based on skills set, experience and industry knowledge, before making any recommendation to the Board.

The Company's Bye-Laws provides that one-third of the Board is to retire annually by rotation at its Annual General Meeting ("AGM") and the Directors to retire in every year will be those who have been longest in office since their last election. Retiring Directors are eligible to offer themselves for re-election. All newly appointed Directors will have to retire at the next AGM following their appointments.

The NC has recommended the nominations of Mr Chow Kok Kit and Mr Hung Kai Wing for re-election at the forthcoming AGM of the Company. The Board has accepted the NC's recommendation.

The NC has reviewed the independence of the Board members with reference to the guidelines set out in the Code and has determined that Mr Chow Kok Kee, Mr Lim Chin Tong and Mr Siu Ping Kwong to be independent.

The NC has assessed Mr Chow Kok Kee's ability to discharge his duties and responsibilities as AC Chairman and Lead Independent Director based on his performance, contribution and commitment for the financial year under review. Despite his multiple directorships, the NC is of the opinion that Mr Chow Kok Kee had discharged his duties and responsibilities satisfactorily.

An evaluation of the Board's performance for FY2011 was conducted. The objective of the evaluation process is to assess and identify areas for continuous improvement to the Board's overall effectiveness. Each Director completes a questionnaire in which, his assessment of the Board as a whole is ranked for several parameters namely, board composition, maintenance of independence, board information, board process, board accountability, communication with top management and standard of conduct. The consolidated findings are reported and recommendations for improvements are made to the Board for consideration.

Principle 6: Access to Information

To ensure that the Board is equipped to discharge its responsibilities, Management provides the Board with sufficient information including information on the financial performance of the Group together with explanatory information in a timely manner.

All Directors have separate and independent access to the Group's Senior Management and the Company Secretary. Whenever necessary, the Board can seek independent professional advice in the course or furtherance of their duties at the Company's expense.

The Company Secretary provides secretarial support to the Board, ensures adherence to Board procedures and relevant rules and regulations which are applicable to the Company. The Company Secretary attends all Board and Board Committee meetings.

REMUNERATION MATTERS

Principles 7 & 8: Procedures for Developing Remuneration Policies and Level and Mix of Remuneration

The RC, regulated by its own written terms of reference, comprises three Independent Directors.

Lim Chin Tong, Chairman
Chow Kok Kee
Siu Ping Kwong

Although none of the members specializes in the field of executive compensation, members of the RC do possess broad knowledge in this area and have access to external professional advice. The RC is competent in reviewing and recommending to the Board the appropriate remuneration framework for Board and key executives in accordance with the terms of reference duly adopted by the Board.

The Executive Directors' remuneration packages are based on service contracts. The remuneration packages comprise a basic salary component and a variable component which is the annual incentive bonus based on the performance of the Company as a whole and their individual performance. In addition, they participate in the Company's Performance Share Plan and Employee Share Option Scheme that is performance related and designed to align their interests with those of the shareholders. In determining specific remuneration packages for each Executive Director and key executives, the pay and employment conditions within the same industry and in comparable companies as well as the Company's performance and that of the individuals are taken into account.

Executive Directors' service agreements entered with the Company are for an initial period of 5 years commencing on 6 February 2007, and will continue thereafter unless terminated by not less than 6 months' notice in writing by either party.

The Independent Directors are paid Directors' fees based on their contributions and responsibilities on the Board and Board Committees. The recommendations made by the RC in respect of the Independent Directors' fees are subject to shareholders' approval at the AGM.

The RC has recommended to the Board an amount of S$176,000 as Directors' fees for the year ending 31 March 2012 to be paid quarterly in arrears. This recommendation will be tabled for shareholders' approval at the forthcoming AGM.

Principle 9: Disclosure of Remuneration

A summary remuneration table of the Directors and key executives for the year ended 31 March 2011 is shown below. For competitive reasons, the Company is not disclosing the identity of the Directors and the percentage breakdown of their remuneration.

Remuneration bands	Number of Directors
S$1,500,000 – S$1,749,999	1
S$1,000,000 – S$1,249,999	2
Less than S$250,000	3

The Code requires the remuneration of at least the top 5 key executives who are not Directors of the Company to be disclosed within bands of S$250,000. The Company believes that disclosure of the remuneration of individual executives is disadvantageous to its business interests, given its highly competitive industry conditions coupled with sensitivity and confidentiality of staff remuneration matters.

During the year under review, no employee whose annual remuneration exceeded S$150,000 was related to the Chairman and Chief Executive Officer, other Directors or substantial shareholders of the Company.

The Company has in place two share schemes in the form of a share option scheme (“ESOS”) and a performance share plan (“PSP”) for eligible employees, including Directors of the Company and the Group. Details of ESOS grants and PSP awards are disclosed in the Report of the Directors.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

In presenting the quarterly and annual financial results to shareholders, the Board seeks to provide shareholders with a detailed assessment of the Group’s financial position and prospects. Management provides the Board with detailed management accounts of the Group’s performance, financial position and prospectus on a quarterly basis.

Principle 11: Audit Committee

The AC is regulated by a set of written terms of reference and comprises three Independent Directors:

Chow Kok Kee, Chairman
Lim Chin Tong
Siu Ping Kwong

The members of the AC are appropriately qualified to discharge their responsibilities and they have financial management or related expertise.

The AC, in accordance with written terms of reference duly adopted by the Board, is responsible for reviewing the scope, the audit plans and the results and effectiveness of the external auditors. The AC also reviews the financial statements of the Company and the consolidated financial statements of the Group together with the external auditors’ report thereon before submitting the same to the Board of Directors of the Company and shareholders. The AC evaluates the Group’s system of internal controls and assesses the effectiveness and adequacy of internal accounting and financial control procedures.

Besides the Group's transactions with Interested Persons, the AC is also tasked with reviewing transactions involving persons or companies connected to Directors and/or Controlling Shareholders but which do not fall within the ambit of the definition of an "Interested Person" under Chapter 9 of the Listing Manual.

The AC also reviews the appointment and re-appointment of external auditors, including their independence, seeking to balance the maintenance of objectivity and value for money.

The AC met with external auditors and internal auditors without the presence of Management in respect of the Group's FY2011 audit.

The AC has explicit authority to investigate any matters within its terms of reference, full access to and the co-operation of Management, full discretion to invite any Director or Executive Officer to attend its meetings and has been given adequate resources to enable it to discharge its functions.

The Group has in place a whistle-blowing procedure whereby staff of the Group can raise in confidence concerns or possible improprieties relating to business activities, accounting, financial reporting, internal controls and others matters. Under these procedures, arrangements are in place for independent investigation of such matters raised and for appropriate follow up action.

The external auditors, RSM Nelson Wheeler did not provide any non-audit service for the year ended 31 March 2011.

The AC has recommended the nomination of RSM Nelson Wheeler for re-appointment as external auditors at the forthcoming AGM.

Principles 12 & 13: Internal Controls and Internal Audit

The effectiveness of the internal control system and procedures at present are monitored by Management. The Board is satisfied that the system of internal controls that was in place throughout the financial year provides reasonable but not absolute assurance against material financial misstatements or loss, which includes the procedures and systems for the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk.

The Board recognises that no system of internal control could preclude all errors or irregularities.

The internal auditors, PricewaterhouseCoopers conduct independent reviews, assessment and follow-up procedures on the Group's financial, operational and compliance controls and risk management functions, and report the remediation status to the AC. The AC assesses the adequacy of the internal audit function and the scope of work of the internal auditors on annual basis.

Management of the Group regularly assesses and reviews the Group's business and operational environment in order to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Risk management policies and processes are continuously reviewed and developed to meet changes in business, operational and financial environment.

COMMUNICATION WITH SHAREHOLDERS

Principles 14 & 15: Communication with Shareholders and Greater Shareholder Participation

The Board is aware of its obligations in providing regular, effective and fair communication with shareholders. In line with continuous disclosure obligations of the Company pursuant to the rules of the SGX-ST, the Board's policy is that all shareholders should be equally and timely informed of all major developments and events that impact the Company.

Information is communicated to our shareholders through:

- SGXNET and news releases;
- Press release on major developments;
- Press and analyst briefing for the Group's financial results as well as other briefings, where appropriate;
- Quarterly financial statements containing a summary of the financial information and affairs of the Group; and
- Annual Report/Circulars sent to shareholders and notices of general meeting advertised.

The AGM is the principal forum for dialogue with shareholders. The Board encourages all shareholders to attend the AGM and to stay informed of the Company's developments. Shareholders are given opportunity to air their views and direct questions to the Board regarding the Company and the Group. The Chairmen of the AC, RC and NC and external auditors are normally present at the meeting to address relevant questions.

SECURITIES TRANSACTIONS

The Group has adopted a policy governing dealings in securities of the Company for Directors and its officers. The Directors, officers and other employees of the Group, who have access to price-sensitive and confidential information are not permitted to deal in securities of the Company during the periods commencing at least 2 weeks before the announcement of the Group's quarterly results and one month before the announcement of the Group's full-year results and ending on the date of the announcement of such results, or when they are in possession of unpublished price-sensitive information on the Group. In addition, the Directors and officers of the Group are discouraged from dealings in the Company's securities on short-term considerations.

INTERESTED PERSON TRANSACTIONS ("IPTs")

The Company has adopted an internal policy governing procedures for identification approval and monitoring of IPTs. All IPTs are subject to AC's review.

Save as disclosed in the financial statements, transactions with Interested Persons for the financial year ended 31 March 2011 amounted to less than 3% of the Group's NTA or S$100,000 (whichever is the lesser).

MATERIAL CONTRACTS

There were no material contracts of the Company or its subsidiaries involving the interests of any Director or controlling shareholder entered into during the financial year that is required to be disclosed under Rule 1207(8).

RISK MANAGEMENT POLICIES AND PROCESSES

The Board acknowledges that risk is inherent in business and there are commercial risks to be taken in the course of generating a return on business activities. The Board's policy is that risks should be managed within the Group's overall risk tolerance.

The primary task of identifying business risks lies with Management, who will table and recommend processes to the Board for their deliberation for formulating policies to deal with the risks. The Board will also approve the recommended processes in managing the risk, which could include a combination of financial instruments, reduction of exposure or limited possible losses through controls.

The management of some of the processes would then be delegated to other staff who would control the risks within the defined framework.

The Directors of the Company are pleased to present their report together with the audited financial statements of the Company and of the Group for the financial year ended 31 March 2011.

1. DIRECTORS AT DATE OF REPORT

The Directors of the Company in office at the date of this report are:

Tse Chong Hing	(Chairman and Managing Director)
Chow Kok Kit	(Executive Director)
Hung Kai Wing	(Executive Director)
Chow Kok Kee	(Lead Independent Director)
Lim Chin Tong	(Independent Director)
Siu Ping Kwong	(Independent Director)

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement the objective of which is to enable the Directors of the Company to acquire benefits by means of acquisition of shares or debentures in the Company or the Group, other than pursuant to the Valuetronics Performance Share Plan ("PSP") and the Valuetronics Employee Share Option Scheme ("ESOS").

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in the shares or debentures of the Company and related corporations, either at the beginning or at the end of the financial year.

Particulars of Directors' interests in shares of the Company are –

	In the Name of Directors		Deemed Interest	
	At beginning of the financial year Ordinary Share of HK$0.10 each	At end of the financial year Ordinary Share of HK$0.10 each	At beginning of the financial year Ordinary Share of HK$0.10 each	At end of the financial year Ordinary Share of HK$0.10 each
The Company				
Tse Chong Hing	78,120,442	79,296,442	–	–
Chow Kok Kit	73,216,738	74,039,938	–	–
Hung Kai Wing	36,290,237	27,113,437	–	–
Chow Kok Kee	50,000	50,000	–	–
Lim Chin Tong	50,000	50,000	–	–
Siu Ping Kwong	50,000	50,000	–	–

There was no change in Directors' interests between the end of the financial year and 21 April 2011.

4. CONTRACTUAL BENEFITS OF DIRECTORS

Since the beginning of the financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for the directors' fees, salaries, bonuses and other benefits as disclosed in the financial statements.

5. SHARE OPTIONS AND AWARDS

(i) The Valuetronics ESOS

The Valuetronics ESOS was approved by Shareholders at a Special General Meeting ("SGM") on 6 February 2007 and modified at the SGM held on 28 July 2008.

The ESOS is administered by the Remuneration Committee ("RC") comprising: –
Lim Chin Tong (Chairman)
Chow Kok Kee
Siu Ping Kwong

Other information regarding the ESOS is set out below: –

Subject to the absolute discretion of the RC, options may be granted to the following groups of participants under the ESOS –

1. the Group's employees, Executive Directors and Independent Directors; and

2. Controlling Shareholders and their Associates who meet certain criteria, provided that the participation of each Controlling Shareholder or his Associate and each grant of an option to any of them may only be effected with the specific prior approval of Shareholders at a general meeting in separate resolutions.

Options may be granted by the RC at its discretion with the Exercise Price set at –

- a price equal to the Market Price; or

- a price which is set at a discount to the Market Price, provided that:

  (i) the maximum discount shall not exceed 20% of the Market Price (or such other percentage or amount as may be determined by the RC and permitted by the SGX-ST); and

  (ii) the Shareholders in general meeting have authorised, in a separate resolution, the making of offers and grants under the ESOS at a discount not exceeding the maximum discount as aforesaid.

Options granted at the Market Price may be exercised at any time after the first anniversary of the date of the grant. Options granted with the Exercise Price set at a discount to the Market Price may be exercised any time after the second anniversary of the date of grant. All options shall be exercised before the tenth anniversary of the relevant offer date, or such earlier date as may be determined by the RC, failing which all unexercised Options shall immediately lapse and become null and void.

Except as disclosed below, no employee received 5% or more of the total number of shares under options available under the Valuetronics ESOS.

During the financial year, 4,150,000 options to subscribe for shares in the Company were granted to the Company's Executive Directors and executives under the Valuetronics ESOS. 1,700,000 shares were issued pursuant to the exercise of options during the financial year.

As at 31 March 2011, the Company has the following outstanding options:

Date of grant	Exercise Price	Balance as at 31.3.2010	Granted during the year	Exercised during the year	Options cancelled	Balance as at 31.3.2011	Discount granted
8 August 2007	S$0.225	800,000	–	–	–	800,000	19.9%
8 July 2008	S$0.175	900,000	–	(400,000)	(100,000)	400,000	18.6%
8 July 2008	S$0.215	1,000,000	–	(100,000)	(100,000)	800,000	Nil
27 August 2008	S$0.144	2,400,000	–	(1,200,000)	–	1,200,000	19.6%
12 August 2009	S$0.105	2,750,000	–	–	–	2,750,000	16.7%
18 August 2010	S$0.150	–	2,400,000	–	–	2,400,000	18.5%
18 August 2010	S$0.184	–	600,000	–	–	600,000	Nil
4 October 2010	S$0.160	–	1,150,000	–	–	1,150,000	20.0%
Total		7,850,000	4,150,000	(1,700,000)	(200,000)	10,100,000	

The details of options granted to the Directors (and Controlling Shareholders) of the Company:

Name of participant	Options granted during the financial year	Exercise price	Aggregate options granted since commencement of ESOS to end of the financial year	Aggregate options exercised since commencement of ESOS to end of the financial year	Aggregate options outstanding at end of financial year
Tse Chong Hing	1,000,000	$0.150	3,000,000	(500,000)	2,500,000
Chow Kok Kit	700,000	$0.150	2,100,000	(350,000)	1,750,000
Hung Kai Wing	700,000	$0.150	2,100,000	(350,000)	1,750,000
Chow Kok Kee	200,000	$0.184	300,000	–	300,000
Lim Chin Tong	200,000	$0.184	300,000	–	300,000
Siu Ping Kwong	200,000	$0.184	300,000	–	300,000

(ii) The Valuetronics PSP

The Valuetronics PSP was approved by shareholders of the Company on 28 July 2008, in addition to and is complementary to the Valuetronics ESOS. The Valuetronics PSP is intended to further the Company's continuing efforts to reward, retain and motivate Directors and employees to achieve better performance. The PSP is an incentive plan to provide the Company with the flexibility in tailoring reward and incentive packages to suit individual participants.

The focus of the PSP is principally to target executives in key positions who are able to drive the growth of the Company through innovation, creativity and superior performance. The number of shares to be awarded under the PSP is determined by performance targets and/or service conditions and/or significant contributions to the Group ("Share Awards").

The Valuetronics PSP is administered by the RC.

Except as disclosed below, no employee received 5% or more of the total number of Share Awards available under the Valuetronics PSP.

During the financial year, 2,580,000 Share Awards were granted to the Company's Executive Directors and executives under the Valuetronics PSP. 1,706,400 shares were awarded as a result of achieved certain performance targets.

As at 31 March 2011, the Company has the following outstanding Share Awards:

Date of grant	Balance as at 31.3.2010	Granted during the year	Awarded during the year	Lapsed during the year	Balance as at 31.3.2011	Vesting Period
12 August 2009	2,680,000	–	(1,706,400)	(973,600)	–	1 year#
18 August 2010	–	2,400,000	–	–	2,400,000	1 year
4 October 2010	–	180,000	–	–	180,000	1 year
Total	2,680,000	2,580,000	(1,706,400)	(973,600)	2,580,000	

Lapsed

The details of Share Awards granted to the Directors (and Controlling Shareholders) of the Company:

Name of participant	Awards granted during financial year	Aggregate awards granted since commencement of PSP to end of financial year	Aggregate awards released during the financial year	Aggregate awards forfeited during the financial year	Aggregate awards outstanding at the end of financial year
Tse Chong Hing	1,000,000	3,000,000	676,000	324,000	1,000,000
Chow Kok Kit	700,000	2,100,000	473,200	226,800	700,000
Hung Kai Wing	700,000	2,100,000	473,200	226,800	700,000

6. AUDIT COMMITTEE

The members of the Audit Committee ("AC") at the date of this report are as follows:

Chow Kok Kee	–	Chairman of Audit Committee
Lim Chin Tong	–	Independent Director
Siu Ping Kwong	–	Independent Director

The AC carried out its duties according to approved terms of reference and among others, performed the following functions:–

- Reviewed the audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;
- Reviewed with the external auditors their audit plan;
- Reviewed with the external auditors their evaluation of the Company's system of internal controls, and their audit report on the financial statements;
- Reviewed the financial statements of the Group and the Company prior to its submission to the Board of Directors for adoption;
- Reviewed non-audit services provided by the external auditors and the independence and objectivity of the external auditors;
- Reviewed the co-operation and assistance given by Management to the Group's external auditors;
- Reviewed the re-appointment of the external auditors of the Group; and
- Reviewed Interested Person Transactions (as defined in Chapter 9 of the Listing Manual of SGX-ST) and transactions with persons involving persons or companies connected to Directors and/or Controlling Shareholders, not falling within the ambit of the definition of an "Interested Person" under Chapter 9 of the Listing Manual of SGX-ST;

The AC has full access to and has the co-operation of Management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the AC.

The AC had reviewed and recommended to the Board of Directors the nomination of RSM Nelson Wheeler for re-appointment as external auditors at the forthcoming Annual General Meeting of the Company.

7. AUDITORS

The auditors, RSM Nelson Wheeler, have expressed their willingness to accept the re-appointment at the forthcoming Annual General Meeting of the Company.

8. DEVELOPMENTS SUBSEQUENT TO ANNOUNCEMENT OF RESULTS

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 24 May 2011, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report.

ON BEHALF OF THE BOARD OF DIRECTORS

TSE CHONG HING
Director

CHOW KOK KIT
Director

7 June 2011

In the opinion of the Directors,

(a) the accompanying consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon as set out on pages 37 to 91, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2011 and the results, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

TSE CHONG HING	**CHOW KOK KIT**
Chairman	*Executive Director*

7 June 2011

INDEPENDENT AUDITOR'S REPORT

To the members of
Valuetronics Holdings Limited
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Valuetronics Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 37 to 91, which comprise the consolidated and Company statements of financial position as at 31 March 2011, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 Companies Act 1981 of Bermuda 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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 judgement, 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 of consolidated financial statements that give a true and fair view 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 Company and of the Group as at 31 March 2011, and of the Group's results and cash flows for the year then ended in accordance with International Financial Reporting Standards.

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

7 June 2011

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Note	**2011** **HK$'000**	2010 HK$'000
Revenue	*6*	**1,970,434**	1,136,124
Cost of sales		**(1,660,742)**	(958,785)
Gross profit		**309,692**	177,339
Other income	*7*	**7,668**	5,590
Selling and distribution costs		**(68,803)**	(42,426)
Administrative expenses		**(110,297)**	(63,864)
Other operating loss	*8*	**–**	(9,976)
Profit from operations		**138,260**	66,663
Finance costs	*9*	**(1,688)**	(606)
Profit before tax		**136,572**	66,057
Income tax expense	*11*	**(15,333)**	(7,282)
Profit for the year	*12*	**121,239**	58,775
Attributable to:			
Owners of the Company		**121,239**	58,775
Earnings per share (Hong Kong cents)	*14*		
– Basic		**34.2**	16.7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	2011 HK$'000	2010 HK$'000
Profit for the year	**121,239**	58,775
Other comprehensive income:		
Exchange differences on translating foreign operations	**4,047**	57
Fair value change of available-for-sale financial assets	**–**	1,577
Investment revaluation reserve reclassified to profit or loss on disposal of available-for-sale financial assets	**484**	–
Other comprehensive income for the year, net of tax	**4,531**	1,634
Total comprehensive income for the year	**125,770**	60,409
Attributable to:		
Owners of the Company	**125,770**	60,409

	Note	The Group			The Company	
		At 31 March		At 1 April		
		2011	2010	2009	**2011**	2010
		HK$'000	HK$'000	HK$'000	**HK$'000**	HK$'000
			(restated)	(restated)		
ASSETS						
Non-current assets						
Prepaid land lease payments and land use rights	15	**20,873**	20,871	21,255	**–**	–
Property, plant and equipment	16	**211,538**	167,979	163,538	**–**	–
Goodwill	17	**10**	10	–	**–**	–
Investments in subsidiaries	18	**–**	–	–	**83,330**	83,330
Club membership, at cost		**238**	200	200	**–**	–
Long term receivables	19	**–**	920	1,610	**–**	–
		232,659	189,980	186,603	**83,330**	83,330
Current assets						
Available-for-sale financial assets	20	**–**	15,116	13,539	**–**	–
Inventories	21	**213,033**	129,882	67,074	**–**	–
Trade receivables	22	**430,785**	273,663	102,419	**–**	–
Prepaid land lease payments and land use rights	15	**467**	385	385	**–**	–
Prepayments, deposits and other receivables		**18,020**	17,771	10,200	**259**	34
Long term receivables – current portion	19	**238**	575	1,150	**–**	–
Due from subsidiaries	18	**–**	–	–	**170,036**	155,883
Current tax assets		**–**	–	3,209	**–**	–
Bank and cash balances	23	**136,185**	139,909	153,483	**255**	291
		798,728	577,301	351,459	**170,550**	156,208
Total assets		**1,031,387**	767,281	538,062	**253,880**	239,538
EQUITY						
Share capital	24	**35,670**	35,500	35,500	**35,670**	35,500
Treasury shares	24	**(778)**	(1,853)	(2,176)	**(778)**	(1,853)
Reserves	26	**441,318**	336,635	290,180	**218,744**	205,578
Equity attributable to owners of the Company		**476,210**	370,282	323,504	**253,636**	239,225
Non-controlling interests		**–**	–	(13)	**–**	–
Total equity		**476,210**	370,282	323,491	**253,636**	239,225

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2011

	Note	The Group			The Company	
		At 31 March		At 1 April		
		2011	2010	2009	**2011**	2010
		HK$'000	HK$'000	HK$'000	**HK$'000**	HK$'000
			(restated)	(restated)		
LIABILITIES						
Non-current liabilities						
Deferred tax liabilities	*27*	**3,503**	2,984	3,126	**–**	–
Current liabilities						
Trade payables	*28*	**302,400**	229,773	77,221	**–**	–
Accruals, other payables and deposits received		**164,248**	133,607	104,221	**244**	313
Provisions	*29*	**17,337**	17,498	19,614	**–**	–
Bonus payable to directors	*30*	**14,768**	4,864	5,911	**–**	–
Current tax liabilities		**14,906**	8,263	4,478	**–**	–
Bank borrowings	*31*	**38,015**	–	–	**–**	–
Bank overdraft		**–**	10	–	**–**	–
		551,674	394,015	211,445	**244**	313
Total liabilities		**555,177**	396,999	214,571	**244**	313
Total equity and liabilities		**1,031,387**	767,281	538,062	**253,880**	239,538
Net current assets		**247,054**	183,286	140,014	**170,306**	155,895
Total assets less current liabilities		**479,713**	373,266	326,617	**253,636**	239,225

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Attributable to owners of the Company											
			Reserves									
	Share capital	Treasury shares	Share premium (note 26(c)(i))	Share-based payment reserve (note 26(c)(iii))	Translation reserve (note 26(c)(iv))	Statutory reserve (note 26(c)(v))	Investment revaluation reserve (note 26(c)(vi))	Retained earnings	Total reserves	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2009	35,500	(2,176)	85,591	571	10,484	242	(2,061)	195,353	290,180	323,504	(13)	323,491
Total comprehensive income for the year	–	–	–	–	57	–	1,577	58,775	60,409	60,409	–	60,409
Dividend paid	–	–	–	–	–	–	–	(15,828)	(15,828)	(15,828)	–	(15,828)
Share-based payments	–	–	–	2,210	–	–	–	–	2,210	2,210	–	2,210
Transfer	–	–	–	–	–	–	–	(13)	(13)	(13)	13	–
Transfer to statutory reserve	–	–	–	–	–	141	–	(141)	–	–	–	–
Award of treasury shares	–	323	–	(323)	–	–	–	–	(323)	–	–	–
At 31 March 2010	35,500	(1,853)	85,591	2,458	10,541	383	(484)	238,146	336,635	370,282	–	370,282
Representing:												
At 31 March 2010 after proposed final dividend								213,492				
Proposed final dividend (note 13)								24,654				
Attributable to owners of the Company								238,146				

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Attributable to owners of the Company											
			Reserves									
	Share capital	Treasury shares	Share premium (note 26(c)(i))	Share-based payment reserve (note 26(c)(iii))	Translation reserve (note 26(c)(iv))	Statutory reserve (note 26(c)(v))	Investment revaluation reserve (note 26(c)(vi))	Retained earnings	Total reserves	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2010	35,500	(1,853)	85,591	2,458	10,541	383	(484)	238,146	336,635	370,282	–	370,282
Total comprehensive income for the year	–	–	–	–	4,047	–	484	121,239	125,770	125,770	–	125,770
Dividend paid	–	–	–	–	–	–	–	(24,654)	(24,654)	(24,654)	–	(24,654)
Share-based payments	–	–	–	3,390	–	–	–	–	3,390	3,390	–	3,390
Transfer to statutory reserve	–	–	–	–	–	366	–	(366)	–	–	–	–
Issue of shares on exercise of share options (note 24)	170	–	1,653	(317)	–	–	–	–	1,336	1,506	–	1,506
Cash settlement for the awards granted	–	–	–	(84)	–	–	–	–	(84)	(84)	–	(84)
Lapsed of share-based payments	–	–	–	(806)	–	–	–	806	–	–	–	–
Award of treasury shares	–	1,075	–	(1,075)	–	–	–	–	(1,075)	–	–	–
At 31 March 2011	35,670	(778)	87,244	3,566	14,588	749	–	335,171	441,318	476,210	–	476,210

	Retained earnings HK$'000
Representing:	
At 31 March 2011 after proposed final dividend	285,397
Proposed final dividend (note 13)	49,774
Attributable to owners of the Company	335,171

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Note	2011 HK$'000	2010 HK$'000 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**136,572**	66,057
Adjustments for:			
Allowance for receivables		**–**	9,976
Amortisation of prepaid land lease payments and land use rights		**468**	384
Depreciation		**32,742**	23,769
Equity-settled share-based payments		**3,390**	2,210
Gain on disposals of property, plant and equipment		**(946)**	(318)
Cash settlement for the awards granted		**(84)**	–
Interest expenses		**654**	1
Interest income		**(379)**	(825)
Operating profit before working capital changes		**172,417**	101,254
Decrease in long term receivables		**1,257**	862
Increase in inventories		**(83,151)**	(62,808)
Increase in trade receivables		**(157,122)**	(180,760)
Increase in prepayments, deposits and other receivables		**(249)**	(7,787)
Increase in trade payables		**72,627**	152,552
Increase in accruals, other payables and deposits received		**30,641**	29,386
Increase/(decrease) in bonus payable to directors		**9,904**	(1,047)
Decrease in provisions		**(161)**	(2,116)
Cash generated from operations		**46,163**	29,536
Income tax paid		**(8,171)**	(430)
Interest paid		**(654)**	(1)
Net cash generated from operating activities		**37,338**	29,105
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposals of available-for-sale financial assets		**15,500**	11,625
Proceeds from disposals of property, plant and equipment		**998**	334
Acquisition of a subsidiary	*32(a)*	**–**	(10)
Purchases of available-for-sale financial assets		**–**	(11,625)
Purchases of property, plant and equipment		**(72,859)**	(28,010)
Interest received		**379**	825
Net cash used in investing activities		**(55,982)**	(26,861)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	2011 HK$'000	2010 HK$'000 (restated)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	**(24,654)**	(15,828)
Net advance of bank and trust receipt loans	**38,015**	–
Proceeds from shares issued in exercise of share options	**1,506**	–
Net cash generated from/(used in) financing activities	**14,867**	(15,828)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(3,777)**	(13,584)
Effect of foreign exchange rate changes	**63**	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	**139,899**	153,483
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	**136,185**	139,899
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**136,185**	139,909
Bank overdraft	**–**	(10)
	136,185	139,899

1. GENERAL INFORMATION

The financial statements of the Group for the financial year ended 31 March 2011 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

The Company (Registration number: 38813) was incorporated in Bermuda on 18 August 2006 under the Companies Act 1981 of Bermuda as an exempted company with limited liability. The registered office of the Company is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. Its principal place of business is Unit 9-11, 7/F., Technology Park, 18 On Lai Street, Shatin, New Territories, Hong Kong. The Company's shares are listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 18 to the financial statements.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") that are relevant to its operations and effective for its accounting year beginning on 1 April 2010. IFRSs comprise International Financial Reporting Standards; International Accounting Standards ("IAS"); and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies and amounts reported for the current year and prior years except as stated below.

Classification of Land Leases

The adoption of the amendment to IAS 17 "Leases" has resulted in a change in accounting policy for the classification of leasehold land of the Group. Previously, leasehold land was classified as an operating lease and stated at cost less accumulated amortisation. In accordance with the amendment, leasehold land is classified as a finance lease and stated at cost less accumulated depreciation if substantially all risks and rewards of the leasehold land have been transferred to the Group. The Group has reassessed the classification of unexpired leasehold land and land use rights at the date of adoption of the amendment on the basis of information existing at the inception of those leases, and recognised the leasehold land in Hong Kong as finance leases retrospectively. The amendment does not apply to the leasehold land disposed of by the Group in prior years.

Amendments to IAS 17 has been applied retrospectively and resulted in changes in the consolidated amounts reported in the financial statements as follows:

	At 31 March		At 1 April
	2011	2010	2009
	HK$'000	HK$'000	HK$'000
Increase in property, plant and equipment	**4,607**	3,377	3,470
Decrease in prepaid land lease payments and land use rights	**(4,607)**	(3,377)	(3,470)

The Group has not applied the new IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new IFRSs but is not yet in a position to state whether these new IFRSs would have a material impact on its results of operations and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with IFRSs.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets which are carried at their fair values.

The preparation of financial statements in conformity with IFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 4 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated income statement and consolidated statement of comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (continued)

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(b) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, available-for-sale investment), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy (t) below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the presentation currency of the Company and the functional currency of the major operating subsidiaries of the Group. The directors consider that choosing HK$ as the presentation currency best suits the needs of the shareholders and investors.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in the translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their costs less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Land and buildings	25 to 50 years; or over the lease term of the relevant prepaid land lease payments or land use rights; whichever is shorter
Plant and machinery	2 to 10 years
Computers	2 years
Furniture and fittings	5 years
Office equipment	5 years
Motor vehicles	3 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

(f) Research and development expenditure

Expenditure on research and development activities is recognised as an expense in the period in which it is incurred.

(g) Club membership

Club membership with indefinite useful life is stated at cost less any impairment losses. Impairment is reviewed annually or when there is any indication that the club membership has suffered an impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income 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 is recognised in profit or loss.

(j) Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

Investments are classified as either financial assets at fair value through profit or loss or available-for-sale financial assets.

(i) **Financial assets at fair value through profit or loss**
Financial assets at fair value through profit or loss are either investments classified as held for trading or designated as at fair value through profit or loss upon initial recognition. These investments are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Investments (continued)

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets not classified as trade and other receivables or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. Interest calculated using the effective interest method is recognised in profit or loss.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale financial assets are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in profit or loss if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

(k) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(l) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. 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 for specific financial liabilities and equity instruments are set out below.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables
Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

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

(n) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenue from the sales of manufactured goods and trading of raw materials are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Tooling and rework income is recognised when the tooling and rework services are rendered.

Interest income is recognised on a time-proportion basis using the effective interest method.

(o) Employee benefits

Employee leave entitlements
Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Employee benefits (continued)

Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(p) Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 amounts of assets and liabilities in the 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, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or 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 investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Related parties

A party is related to the Group if:

(i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;

(ii) the party is an associate;

(iii) the party is a joint venture;

(iv) the party is a member of the key management personnel of the Company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

(t) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except investments, club membership, inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit 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 (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(v) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY ESTIMATES

Significant accounting estimates and judgements

The preparation of these financial statements in conformity with IFRSs requires the use of judgements, estimates and assumptions that affect the report amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the respective financial period.

Although these estimates are based on the directors best knowledge of current events and actions, actual results may differ from those estimates.

Key sources of estimation uncertainty

The key assumptions 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 and liabilities within the next financial year, are discussed below:

(a) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (continued)

(b) Impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment have any indication of impairment in accordance with the accounting policy. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations. These calculations require the use of judgement and estimates.

(c) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairment arises where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the year in which such estimate has been changed.

(d) Allowance for slowing-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

(e) Share-based payment expenses

The fair value of the share options granted to the directors and employees determined at the date of grant of the respective share options is expensed over the vesting period, with a corresponding adjustment to the Group's share-based payment reserve. In assessing the fair value of the share options, the Binomial option pricing model (the "Binomial Model") was used. The Binomial Model is one of the generally accepted methodologies used to calculate the fair value of the share options. The Binomial Model requires the input of subjective assumptions, including the expected dividend yield and expected life of options. Any changes in these assumptions can significantly affect the estimate of the fair value of the share options.

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in HK$, United States dollars ("US$") and Renminbi ("RMB"), and the functional currencies of the principal operating entities of the Group are HK$ and RMB. During the year, the Group entered into foreign currency forward contracts to hedge the foreign currency risk arising from purchases of raw materials from overseas. The Group currently does not have a foreign currency hedging policy in respect of other foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The Group uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The use of financial derivatives is governed by the Group's policies approved by the board of directors of the Company, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy.

At 31 March 2011, if the HK$ had weakened 1 per cent against the US$ with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$2,773,000 (2010: HK$1,841,000) higher, arising mainly as a result of the foreign exchange gain on bank balances and trade receivables denominated in US$. If the HK$ had strengthened 1 per cent against the US$ with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$2,773,000 (2010: HK$1,841,000) lower, arising mainly as a result of the foreign exchange loss on bank balances and trade receivables denominated in US$.

(b) Price risk

The Group's available-for-sale financial assets are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk. The directors manage this exposure by maintaining a portfolio of investments with different risk profiles.

At 31 March 2011, if the market price of the available-for-sale financial assets at that date had been increased by 5 per cent with all other variables held constant, the consolidated other comprehensive income would increase by HK$Nil (2010: HK$756,000) arising as a result of gain on available-for-sale financial assets. If the market price of the available-for-sale financial assets at that date had been decreased by 5 per cent with all other variables held constant, the consolidated other comprehensive income would decrease by HK$Nil (2010: HK$756,000) arising as a result of loss on available-for-sale financial assets.

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk

The carrying amount of the bank and cash balances, trade and other receivables and long term receivables included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. As at 31 March 2011, the five largest trade receivables represent approximately 84% (2010: 85%) of the total trade receivables. The Group performs ongoing credit evaluation of its customers' financial condition and requires no collateral from its customers. The allowance for doubtful debts is based upon a review of the expected collectibility of all trade and other receivables.

The credit risk on bank and cash balances and available-for-sale financial assets is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the Group's financial liabilities is as follows:

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
At 31 March 2011				
Trade payables	302,400	–	–	–
Accruals and other payables	134,701	–	–	–
Bonus payable to directors	14,768	–	–	–
Bank borrowings	38,172	–	–	–
At 31 March 2010				
Trade payables	229,773	–	–	–
Accruals and other payables	104,838	–	–	–
Bonus payable to directors	4,864	–	–	–
Bank overdraft	10	–	–	–

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Interest rate risk

As the Group has significant interest-bearing assets, the Group's operating cash flows are dependent of changes in market interest rates.

The Group's exposure to interest rate risk relates principally to its bank balances. Certain of the Group's bank deposits bear interests at fixed interest rates and therefore are subject to fair value interest rate risks. The bank deposits bear interests at fixed interest rates ranging from approximately 0.01% to 1.39% (2010: 0.06% to 1.3%) per annum as at 31 March 2011. Other than these bank deposits, the bank balances and the available-for-sale financial assets bear interests at variable rates varied with the then prevailing market condition and thus exposing the Group to cash flow interest rate risk.

At 31 March 2011, if interest rates at that date had been 10 basis points lower with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$82,000 (2010: HK$118,000) lower, arising mainly as a result of lower interest income on bank balances. If interest rates had been 10 basis points higher, with all other variables held constant, consolidated profit after tax for the year would have been approximately HK$82,000 (2010: HK$118,000) higher, arising mainly as a result of higher interest income on bank balances.

(f) Categories of financial instruments at 31 March 2011

	2011 **HK$'000**	2010 HK$'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	**571,463**	419,451
Available-for-sale financial assets	**–**	15,116
Financial liabilities:		
Financial liabilities at amortised cost	**489,884**	339,485

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Fair values

The carrying amounts of the financial assets and financial liabilities of the Group and the Company as reflected in the consolidated statement of financial position approximate their respective fair values.

The following disclosures of fair value measurements use a fair value hierarchy which has 3 levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Disclosures of level in fair value hierarchy at 31 March 2011:

	Fair value measurement using:			
Description	**Level 1**	**Level 2**	**Level 3**	**2011**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Available-for-sale financial assets	**–**	**–**	**–**	**–**

Description	Level 1	Level 2	Level 3	2010
	HK$'000	HK$'000	HK$'000	HK$'000
Available-for-sale financial assets	15,116	–	–	15,116

6. REVENUE

	The Group	
	2011	2010
	HK$'000	HK$'000
Sales of goods	**1,970,434**	1,136,124

7. OTHER INCOME

	The Group	
	2011	2010
	HK$'000	HK$'000
Gain on disposals of property, plant and equipment	**946**	318
Net exchange gain	**308**	248
Interest income	**379**	825
Tooling and rework income	**4,008**	3,481
Sundry income	**2,027**	718
	7,668	5,590

8. OTHER OPERATING LOSS

	The Group	
	2011	2010
	HK$'000	HK$'000
Allowance for receivables	**–**	9,976

9. FINANCE COSTS

	The Group	
	2011	2010
	HK$'000	HK$'000
Interest on bank loans, bills and bank overdraft	**654**	1
Bank charges	**1,034**	605
	1,688	606

10. RETIREMENT BENEFIT SCHEMES

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of contribution HK$1,000 per employee and vest fully with employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries established in the People's Republic of China (the "PRC") are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

11. INCOME TAX EXPENSE

	The Group	
	2011	2010
	HK$'000	HK$'000
Current Tax – Hong Kong Profits Tax		
Provision for the year	**12,242**	5,838
Over-provision in prior years	**–**	(129)
Current tax – the PRC		
Provision for the year	**2,572**	1,715
Deferred tax (note 27)	**519**	(142)
	15,333	7,282

Hong Kong Profits Tax is provided at 16.5% (2010: 16.5%) based on the assessable profit for the year.

Pursuant to relevant laws and regulations in the PRC, the subsidiaries in the PRC are required to pay PRC enterprise income tax at a rate of 25% (2010: 25%).

Huizhou Daya Bay Honor Tone Industrial Ltd. ("Daya Bay") incurred tax loss for the two years ended 31 March 2011 and 2010, and accordingly, no provision for PRC enterprise income tax has been made.

In accordance with the relevant income tax rules and regulations of the PRC, the Group is liable to withholding tax on dividends distributed from the Group's PRC subsidiaries in respect of their profits generated on or after 1 January 2008. As at 31 March 2011, the aggregate amount of temporary differences relating to the undistributed profits of the Group's PRC subsidiaries amounted to HK$1,973,000 (2010: HK$1,201,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

The reconciliation between the income tax expense and the product of profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
Profit before tax	**136,572**	66,057
Tax at the domestic income tax rate at 16.5% (2010: 16.5%)	**22,534**	10,899
Tax effect of expenses that are not deductible	**2,089**	1,349
Tax effect of income that is not taxable	**(111)**	(116)
Tax effect of temporary differences not recognised	**1,663**	50
Tax effect of tax losses not recognised	**2,001**	317
Tax effect of utilisation of tax losses not previously recognised	**(52)**	–
Tax effect of tax concession	**(13,047)**	(5,563)
Effect of different tax rate of a subsidiary operating in other jurisdiction	**(165)**	475
Over-provision in current year	**421**	–
Over-provision in prior years	**–**	(129)
Income tax expense	**15,333**	7,282

12. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	The Group	
	2011	2010
	HK$'000	HK$'000
		(restated)
Depreciation	**32,742**	23,769
Directors' remuneration		
As directors – independent directors		
Fee	**919**	859
Equity-settled share-based payments	**173**	15
For management – executive directors		
Salaries, wages, bonus and allowance	**21,406**	9,384
Retirement benefit scheme contributions	**36**	36
Equity-settled share-based payments	**2,785**	1,825
	25,319	12,119
Key management personnel remuneration (including remuneration of the executive directors)		
Salaries, wages, bonus and allowance	**33,699**	17,317
Retirement benefit scheme contributions	**95**	74
Equity-settled share-based payments	**2,995**	2,047
	36,789	19,438
Auditors' remuneration	**842**	743
Cost of inventories sold	**1,464,919**	829,375
Operating lease charges in respect of leasehold land and buildings (including amortisation of prepaid land lease payment and land use rights)	**3,141**	3,302
Allowance for receivables	**–**	9,976
Gain on derivative financial instruments	**(138)**	–
Staff costs excluding directors' remuneration		
Salaries, wages, bonus and allowance	**168,222**	91,943
Retirement benefit scheme contributions	**18,072**	4,905
Equity-settled share-based payments	**432**	370
	186,726	97,218

13. DIVIDEND

	The Group and the Company	
	2011	2010
	HK$'000	HK$'000
Proposed but not recognised as a liability as at 31 March	**49,774**	24,654

On 23 May 2011, a final dividend of HK$0.14 (2010: HK$0.07) was proposed by the Company to its shareholders in respect of the financial year ended 31 March 2011 (note 40). The proposed dividend is not recognised as a liability at 31 March 2011 as it is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

14. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK$121,239,000 (2010: HK$58,775,000) and the weighted average number of ordinary shares of 353,984,300 (2010: 352,007,055) in issue during the year.

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the two years ended 31 March 2011 and 2010.

15. PREPAID LAND LEASE PAYMENTS AND LAND USE RIGHTS

	The Group HK$'000
Cost	
At 1 April 2009, as previously reported	**26,415**
Effect of changes in accounting policy (note 2)	**(3,705)**
At 1 April 2009, 31 March 2010, as restated and 1 April 2010	**22,710**
Exchange differences	**671**
At 31 March 2011	**23,381**
Accumulated amortisation	
At 1 April 2009, as previously reported	**1,305**
Effect of changes in accounting policy (note 2)	**(235)**
At 1 April 2009, as restated	**1,070**
Charge for the year	**384**
At 31 March 2010	**1,454**
Charge for the year	**468**
Exchange differences	**119**
At 31 March 2011	**2,041**
Carrying amount	
At 31 March 2011	**21,340**
At 31 March 2010, as restated	**21,256**

The prepaid land lease payments and land use rights are held under medium term leases in the PRC.

15. PREPAID LAND LEASE PAYMENTS AND LAND USE RIGHTS (CONTINUED)

The following is the analysis of the prepaid land lease payments and land use rights for financial reporting purposes:

	The Group	
	2011	2010
	HK$'000	HK$'000
		(restated)
Carrying amount	**21,340**	21,256
Less: Amount to be amortised within one year (shown under current assets)	**(467)**	(385)
Amount to be amortised after one year	**20,873**	20,871

16. PROPERTY, PLANT AND EQUIPMENT

The Group	Land and buildings HK$'000	Plant and machinery HK$'000	Computers HK$'000	Furniture and fittings HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Cost								
At 1 April 2009, as previously reported	84,648	132,631	6,100	27,670	11,420	2,087	4,090	268,646
Effect of changes in accounting policy (note 2)	3,705	–	–	–	–	–	–	3,705
At 1 April 2009, as restated	88,353	132,631	6,100	27,670	11,420	2,087	4,090	272,351
Additions	–	12,846	130	4,242	708	439	9,861	28,226
Disposals	–	(1,086)	(78)	–	–	–	–	(1,164)
Transfer	12,824	–	–	–	–	–	(12,824)	–
At 31 March 2010, as restated and 1 April 2010	101,177	144,391	6,152	31,912	12,128	2,526	1,127	299,413
Additions	3,576	47,966	950	9,818	476	252	9,821	72,859
Disposals	–	(4,751)	(8)	–	(3)	–	–	(4,762)
Transfer	10,989	–	–	–	–	–	(10,989)	–
Exchange differences	3,648	93	4	–	–	13	41	3,799
At 31 March 2011	119,390	187,699	7,098	41,730	12,601	2,791	–	371,309

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group	Land and buildings HK$'000	Plant and machinery HK$'000	Computers HK$'000	Furniture and fittings HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Accumulated depreciation								
At 1 April 2009, as previously reported	2,204	83,429	5,841	9,747	6,334	1,023	–	108,578
Effect of changes in accounting policy (note 2)	235	–	–	–	–	–	–	235
At 1 April 2009, as restated	2,439	83,429	5,841	9,747	6,334	1,023	–	108,813
Charge for the year	3,760	14,302	256	3,317	1,645	489	–	23,769
Written back on disposals	–	(1,086)	(62)	–	–	–	–	(1,148)
At 31 March 2010, as restated and 1 April 2010	6,199	96,645	6,035	13,064	7,979	1,512	–	131,434
Charge for the year	4,489	21,389	392	4,300	1,582	590	–	32,742
Written back on disposals	–	(4,710)	–	–	–	–	–	(4,710)
Exchange differences	204	49	18	–	–	34	–	305
At 31 March 2011	10,892	113,373	6,445	17,364	9,561	2,136	–	159,771
Carrying amount								
At 31 March 2011	108,498	74,326	653	24,366	3,040	655	–	211,538
At 31 March 2010, as restated	94,978	47,746	117	18,848	4,149	1,014	1,127	167,979

The leasehold land are held under medium term leases and analysed as follows:

	The Group 2011 HK$'000	2010 HK$'000 (restated)
Hong Kong	**4,607**	3,377

17. GOODWILL

	The Group HK$'000
Cost	
At 1 April 2009	4,020
Arising on acquisition of a subsidiary (note 32(a))	10
At 31 March 2010, 1 April 2010 and 31 March 2011	4,030
Accumulated impairment losses	
At 1 April 2009, 31 March 2010, 1 April 2010 and 31 March 2011	4,020
Carrying amount	
At 31 March 2011	10
At 31 March 2010	10

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
Medical instrument unit of original equipment manufacturer ("OEM") segment	**4,020**	4,020
Licensing business unit of original design manufacturer ("ODM") segment	**–**	10
Licensing business unit of licensing segment	**10**	–
	4,030	4,030

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and budgeted gross margin and turnover during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGUs operate. Budgeted gross margin and turnover are based on past practices and expectations on market development.

18. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2011	2010
	HK$'000	HK$'000
Unquoted investments, at cost	**83,330**	83,330

The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

Particulars of the subsidiaries as at 31 March 2011 are as follows:

Name	Date and place of incorporation/ establishment	Group's effective equity interest	Paid-up share/ registered capital	Principal activities
Directly held:				
Value Creation Enterprises Limited*	12 April 2001 British Virgin Islands	100%	US$16,667	Investment holding
Indirectly held:				
Maxhall Ltd. *	12 July 2000 British Virgin Islands	100%	US$1	Investment holding
Mighty Resources Inc. *	27 October 2003 British Virgin Islands	100%	US$1	Investment holding
Honor Tone Limited **	19 March 1992 Hong Kong	100%	HK$5,487,804	Electronics manufacturing
Value Chain Limited **	15 November 1999 Hong Kong	100%	HK$3,000,000	Investment holding
Honor Tone Electronics (Hui Yang) Enterprises Limited ("HTE") (Note (a)) ***	15 September 2000 PRC	100%	HK$5,500,000	Electronics manufacturing
Daya Bay (Note (b)) ****	21 April 2006 PRC	100%	US$6,600,000	Property investment and electronics manufacturing

18. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name	Date and place of incorporation/ establishment	Group's effective equity interest	Paid-up share/ registered capital	Principal activities
Bonder International Group Limited *	28 February 2006 British Virgin Islands	60%	US$10	Dormant
Master Brands HK Limited ("Master Brands") **	7 May 2009 Hong Kong	100%	HK$10,000,000	Trading and provision of business services
The Master Brands Group Corporation (formerly known as Brands Values Corporation) ("MBGC") *	30 July 2010 United States of America	100%	N/A (Note (c))	Provision of business services
Honor Tone Electronics Technology (Anhui) Limited ("HT Anhui") (Note (d)) *****	3 November 2010 PRC	100%	US$100,000	Not yet commence business

Note:

(a) HTE was established as a wholly foreign-owned enterprise in the PRC on 15 September 2000 with an operation period of 15 years commencing from 15 September 2000.

(b) Daya Bay was established as a wholly foreign-owned enterprise in the PRC on 21 April 2006 with an operation period of 50 years commencing from 21 April 2006.

(c) MBGC issued 100 ordinary shares of no par value.

(d) HT Anhui was established as a wholly foreign-owned enterprise in the PRC on 3 November 2010 with an operation period of 20 years commencing from 3 November 2010.

* Not required to be audited by law of country of incorporation.

** The statutory financial statements of Honor Tone Limited, Value Chain Limited and Master Brands for the year ended 31 March 2011 were audited by RSM Nelson Wheeler.

*** The statutory financial statements of this subsidiary, prepared in accordance with generally accepted accounting principles in the PRC, were audited by 惠州榮德會計師事務所 (Huizhou Rongde Certified Public Accountants) for tax filing and annual registration purposes.

**** The statutory financial statements of this subsidiary, prepared in accordance with generally accepted accounting principles in the PRC, were audited by 惠州市正大會計師事務所 (Huizhou Shi Zhengda Certified Public Accountants) for tax filing and annual registration purposes.

***** The statutory financial statements of this subsidiary prepared in accordance with generally accepted accounting principles in the PRC have not been audited as this subsidiary is newly incorporated.

19. LONG TERM RECEIVABLES

	The Group	
	2011	2010
	HK$'000	HK$'000
Long term receivables	**698**	1,955
Less: Allowance for long term receivables	**(460)**	(460)
	238	1,495

The movement of allowance for long term receivables is as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
At 1 April	**460**	–
Charge for the year	**–**	460
At 31 March	**460**	460

The balances represent receivables placed with vocational training schools managed by the Bureau of Labour and Social Security of Taihu Xian, the Bureau of Education of Taihu Xian or Hua Xing private school organisation of Taihu Xian, Anhui Province, the PRC. The purpose of the receivables is to ensure that sufficient work force will be supplied by these vocational training schools to the Group. The receivables are interest-free, guaranteed by the respective legal representatives of these vocational training schools and repayable as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
Within one year	**238**	575
In the second to fifth years, inclusive	**–**	920
	238	1,495

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group	
	2011	2010
	HK$'000	HK$'000
Senior unsubordinated debt instrument (EMTN), at fair value	**–**	15,116

The EMTN represented the Euro Medium Term Note of US$2,000,000 (equivalent to HK$15,600,000) acquired by the Group in 2009 and denominated in US$. The fair values are based on market price.

The EMTN was issued on 8 September 2008 and has a maturity date on 8 September 2011. The first interest payment date is 8 March 2009 and thereafter the interest will be paid quarterly. The issuer of the EMTN has the right to call the EMTN at 100% on 8 March 2009 and each interest payment period. The EMTN has fully called by the issuer of the EMTN during the year.

21. INVENTORIES

	The Group	
	2011	2010
	HK$'000	HK$'000
Raw materials	**54,107**	49,456
Work in progress	**55,252**	34,905
Finished goods	**103,674**	45,521
	213,033	129,882

22. TRADE RECEIVABLES

	The Group	
	2011	2010
	HK$'000	HK$'000
Trade receivables	**430,785**	295,987
Less: Allowance for trade receivables	**–**	(22,324)
	430,785	273,663

22. TRADE RECEIVABLES (CONTINUED)

The movement of allowance for trade receivables is as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
At 1 April	**22,324**	12,808
Charge for the year	**–**	9,516
Amounts written off	**(22,324)**	–
At 31 March	**–**	22,324

As of 31 March 2011, trade receivables of approximately HK$16,363,000 (2010: HK$34,394,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
Up to 3 months	**15,337**	34,203
3 to 6 months	**60**	35
Over 6 months	**966**	156
	16,363	34,394

The carrying amounts of the Group's trade receivables are denominated in following currencies:

	The Group	
	2011	2010
	HK$'000	HK$'000
US$	**407,920**	254,881
RMB	**21,929**	17,581
HK$	**936**	1,201
	430,785	273,663

23. BANK AND CASH BALANCES

The carrying amounts of the Group's bank and cash balances are denominated in the following currencies:

	The Group		The Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
US$	**102,771**	117,262	**125**	9
RMB	**26,664**	19,697	**–**	–
HK$	**5,986**	2,451	**33**	17
Singapore dollars ("S$")	**128**	290	**97**	265
Japanese Yen ("JPY")	**636**	145	**–**	–
Others	**–**	64	**–**	–
	136,185	139,909	**255**	291

Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

24. SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Authorised		
Ordinary shares of HK$0.1 each		
At 1 April 2009, 31 March 2010, 1 April 2010 and 31 March 2011	1,900,000,000	190,000
Issued and fully paid		
Ordinary shares of HK$0.1 each		
At 1 April 2009, 31 March 2010 and 1 April 2010	355,000,000	35,500
Issue of shares under Valuetronics Employee Share Option Scheme (the "ESOS") (note)	1,700,000	170
At 31 March 2011	356,700,000	35,670

Note: During the financial year ended 31 March 2011, 1,700,000 (2010: Nil) ordinary shares of HK$0.1 each were issued in relation to share options exercised by the confirmed employees of the Group under the ESOS at S$0.215, S$0.175 and S$0.144 (2010: Nil) for a total cash consideration of S$264,300 (2010: S$Nil). The excess of the subscription consideration received over the nominal values issued, amounted to S$234,475 which is equivalent to approximately HK$1,336,000 (2010: HK$Nil), was credited to the share premium account.

24. SHARE CAPITAL (CONTINUED)

During the financial year ended 31 March 2009, the Company acquired 3,277,000 shares of its own ordinary shares through purchases on the SGX-ST. The total amount paid to acquire the shares was HK$2,176,000 and this was presented as a component within owners' equity and held as 'Treasury Shares'. The Company has the right to re-issue these shares at a later date. All shares issued by the Company were fully paid.

During the financial year ended 31 March 2011, 1,622,400 (2010: 480,000) ordinary shares of HK$0.1 each included in Treasury Shares were awarded to three executive directors under Valuetronics Performance Share Plan (the "PSP") (note 25).

The movements of number and the carrying amount of Treasury Shares are as follows:

	2011		2010	
	Number of shares	**Carrying amount HK$'000**	Number of shares	Carrying amount HK$'000
At 1 April	**2,797,000**	**1,853**	3,277,000	2,176
Awarded during the year	**(1,622,400)**	**(1,075)**	(480,000)	(323)
At 31 March	**1,174,600**	**778**	2,797,000	1,853

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares and buy-back shares, raise new debts, or sell assets to reduce debts.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debts less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, share premium, retained earnings and other reserves). At the end of the reporting period, the Group has debt outstanding of HK$38,015,000 (2010: HK$10,000) and the debt-to-adjusted capital ratio has not been disclosed as the ratio is insignificant.

The only externally imposed capital requirement is that for the Group to maintain its listing on the SGX-ST it has to have a public float of at least 10% of the shares. The Group receives a report from the share registrars monthly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 10% limit throughout the year. As at 31 March 2011, 49% (2010: 36%) of the shares were in public hands.

25. SHARE-BASED PAYMENTS

The Company has share incentive plans for its employees, namely ESOS and PSP. ESOS and PSP are collectively known as "Company Incentive Plans".

The particulars of the Company Incentive Plans are as follows:

(a) Equity-settled ESOS

The purpose is to provide incentives and rewards to eligible participants who contribute significantly to the growth and performance of the Group. Eligible participants include confirmed employees of the Group ("Group Employee") selected by the remuneration committee of the Company or such other committee comprising directors of the Company duly authorised and appointed by the board of directors to administer this ESOS ("Committee"). The ESOS became effective on 6 February 2007 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The right to subscribe for the ordinary shares of HK$0.1 each in the capital of the Company ("Shares") granted and to be granted to a Group Employee pursuant to the ESOS and for the time being subsisting ("Options") offered may only be accepted within 30 days from the date of the offer, accompanied by payment of a consideration of S$1 by the grantee. The exercise period of the Options granted is determinable by the Committee, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of the offer of the Options.

The exercise price of the Options is determined by the Committee at equal to the average of the last dealt prices for the Shares on the SGX-ST over the five consecutive trading days immediately preceding the date of grant of the Options (the "Market Price") or at a discount to the Market Price provided that the maximum discount shall not exceed twenty (20) per cent of the Market Price and the shareholders of the Company in general meeting shall have authorised, in a separate resolution, the making of offers and grants of the Options under the ESOS at a discount not exceeding the maximum discount as aforesaid.

Options do not confer rights on the holder of Options to dividends or to vote at shareholders' meetings.

Details of the specific categories of options are as follows:

	Date of grant	Vesting date	Exercise period	Exercise price	Number of share options
2008A	8 August 2007	9 August 2009	9 August 2009 to 8 August 2017	S$0.225	500,000
2008B	8 August 2007	9 August 2009	9 August 2010 to 8 August 2017	S$0.225	500,000
2009A	8 July 2008	9 July 2009	9 July 2009 to 8 July 2018	S$0.215	1,000,000
2009B	8 July 2008	9 July 2010	9 July 2010 to 8 July 2018	S$0.175	700,000

25. SHARE-BASED PAYMENTS (CONTINUED)

(a) Equity-settled ESOS (continued)

Details of the specific categories of options are as follows: (continued)

	Date of grant	Vesting date	Exercise period	Exercise price	Number of share options
2009C	8 July 2008	9 July 2010	9 July 2011 to 8 July 2018	S$0.175	200,000
2009D	27 August 2008	28 August 2010	28 August 2010 to 27 August 2018	S$0.144	1,200,000
2009E	27 August 2008	28 August 2010	28 August 2011 to 27 August 2018	S$0.144	1,200,000
2010A	12 August 2009	13 August 2011	13 August 2011 to 12 August 2019	S$0.105	1,450,000
2010B	12 August 2009	13 August 2011	13 August 2012 to 12 August 2019	S$0.105	1,300,000
2011A	18 August 2010	19 August 2011	19 August 2011 to 18 August 2020	S$0.184	600,000
2011B	18 August 2010	19 August 2012	19 August 2012 to 18 August 2020	S$0.15	1,200,000
2011C	18 August 2010	19 August 2013	19 August 2013 to 18 August 2020	S$0.15	1,200,000
2011D	4 October 2010	5 October 2012	5 October 2012 to 4 October 2020	S$0.16	750,000
2011E	4 October 2010	5 October 2013	5 October 2013 to 4 October 2020	S$0.16	400,000

If the Options remain unexercised after a period of ten years from the date of grant, the Options expire. Options are forfeited if the Group Employee leaves the Group before the Options vest.

25. SHARE-BASED PAYMENTS (CONTINUED)

(a) Equity-settled ESOS (continued)

Details of the Options outstanding during the year are as follows:

	2011 Number of Options	**2011** Weighted average exercise price S$	2010 Number of Options	2010 Weighted average exercise price S$
Outstanding at the beginning of the year	**7,850,000**	**0.151**	5,100,000	0.176
Granted during the year	**4,150,000**	**0.158**	2,750,000	0.105
Forfeited during the year	**(200,000)**	**0.195**	–	N/A
Exercise during the year	**(1,700,000)**	**0.155**	–	N/A
Outstanding at the end of the year	**10,100,000**	**0.153**	7,850,000	0.151
Exercisable at the end of the year	**1,800,000**	**0.215**	1,400,000	0.218

The weighted average share price at the date of exercise for Options exercised during the year was S$0.245. The Options outstanding at the end of the year have a weighted average remaining contractual life of 8.2 years (2010: 8.7 years) and the exercise price ranged from S$0.105 to S$0.225 (2010: S$0.105 to S$0.225). During the financial year ended 31 March 2011, Options were granted on 18 August 2010 and 4 October 2010 and the estimated fair value of the Options on these dates are S$244,538 and S$120,964 respectively. During the financial year ended 31 March 2010, Options were granted on 12 August 2009 and the estimated fair value of the Options granted on that date is S$125,506.

These fair values were calculated using the Binomial Model. Expected volatility was determined by calculating the historical volatility of four comparable companies with shares listed on SGX-ST and engaged in the similar business of the Group. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations. The inputs into the model were as follows:

	2011D and 2011E	**2011B and 2011C**	**2011A**	**2010A and 2010B**
Weighted average share price	S$0.225	S$0.19	S$0.19	S$0.125
Exercise price	S$0.16	S$0.15	S$0.184	S$0.105
Expected volatility	54.56%	54.55%	54.55%	51.77%
Expected life	10 years	10 years	10 years	10 years
Risk free rate	2.01%	1.89%	1.89%	2.54%
Expected dividend yield	5.46%	6.47%	6.47%	6.70%

25. SHARE-BASED PAYMENTS (CONTINUED)

(b) Equity-settled PSP

The PSP was adopted on 28 July 2008 and is targeted at recognising executives in key positions who are able to drive the growth of the Group through innovation, creativity and superior performance. Eligible participants include the employees of the Group (excluding independent directors of the Company and those who are Associates of Controlling Shareholders (as defined in accordance with the Listing Manual of the SGX-ST)) ("PSP Participant") selected by the committee comprising directors of the Company duly authorised and appointed by the board of directors of the Company to administer the PSP ("PSP Committee"). The PSP became effective on 28 July 2008 and, unless otherwise cancelled or amended, will remain in force for ten years from that date. Under the PSP, the PSP Committee may grant a contingent award of ordinary shares of the Company ("Award") to the PSP Participant. Awards represent the right of a PSP Participant to receive fully paid ordinary shares of the Company, their equivalent cash value or combinations thereof, free of charge, upon the PSP Participant achieving prescribed performance targets and/or service conditions or otherwise having performed well and/or made a significant contribution to the Group. PSP Participants are not required to pay for the grant of the Awards. The Award may be satisfied by the re-issue of Treasury Shares.

The PSP Committee will issue an Award letter confirming the Award and specifying inter alia, the vesting period, the prescribed performance target(s) and/or service condition(s), the performance period during which the prescribed performance target(s) and/or service condition(s) are to be attained or fulfilled and the schedule setting out the extent to which shares will be released on satisfaction of the prescribed performance target(s) and/or service condition(s), to each PSP Participant as soon as is reasonably practicable after the making of an Award.

Details of the specific categories of Awards are as follows:

	Date of award	**Vesting period**	**Maximum shares to be awarded**
2010A #	12 August 2009	12 August 2009 to 11 August 2010	192,000
2010B #	12 August 2009	12 August 2009 to 11 August 2010	2,208,000
2010C #	12 August 2009	12 August 2009 to 11 August 2010	280,000
2011A	18 August 2010	18 August 2010 to 17 August 2011	360,000
2011B	18 August 2010	18 August 2010 to 17 August 2011	2,040,000
2011C	4 October 2010	4 October 2010 to 3 October 2011	180,000

Lapsed during the financial year ended 31 March 2011

Awards are lapsed if the PSP Participant leaves the Group before the Awards vest or associated performance target(s) and/or service condition(s) are not attained after review by the Group in the period subsequent to the vesting period.

25. SHARE-BASED PAYMENTS (CONTINUED)

(b) Equity-settled PSP (continued)

Details of the Awards outstanding during the year are as follows:

	Number of Awards	
	2011	2010
Outstanding at the beginning of the year	**2,680,000**	2,400,000
Granted during the year	**2,580,000**	2,680,000
Awarded during the year	**(1,706,400)**	(480,000)
Lapsed during the year	**(973,600)**	(1,920,000)
Outstanding at the end of the year	**2,580,000**	2,680,000

During the financial year ended 31 March 2011, Awards were granted on 18 August 2010 and 4 October 2010 and the estimated fair value of the Awards granted on these dates are S$408,905 and S$40,500 respectively. During the financial year ended 31 March 2010, Awards were granted on 12 August 2009 and the estimated fair value of the Awards granted on that date is S$324,731.

These fair values were calculated using the Binomial Model. Expected volatility was determined by calculating the historical volatility of the share price of the Company. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non transferability and behavioural considerations. The inputs into the model were as follows:

	Award	
	2011A	2010A
Weighted average share price	**S$0.19**	S$0.125
Expected volatility	**57.419%**	122.65%
Expected life	**1 year**	1 year
Risk free rate	**0.33%**	0.35%
Expected dividend yield	**6.466%**	6.70%

The aggregate nominal amount of Shares over which the Committee may grant Options on any date, when added to the nominal amount of Shares issued and issuable in respect of (i) all Options granted under the ESOS; (ii) all Awards granted under the PSP; and (iii) all options or awards granted under any other share option scheme or share-based incentive scheme of the Company then in force, shall not exceed fifteen (15) per cent of the issued share capital of the Company on the day immediately preceding the date on which an offer to grant an option is made pursuant to the ESOS and/or on the day preceding relevant date of Awards under the PSP.

The aggregate number of Shares issued and issuable in respect of all Options/Awards granted under the ESOS and PSP available to all Controlling Shareholders (as defined under the Listing Manual of the SGX-ST) and their Associates (which means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which is and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more) must not exceed 25% of the Shares available under the ESOS and PSP.

The number of Shares issued and issuable in respect of all Options/Awards granted under the ESOS and PSP available to each of the Controlling Shareholders or their Associates must not exceed 10% of the Shares available under the Company Incentive Plans.

26. RESERVES

(a) The Group

The amounts of the Group's reserves and the movements therein are presented in consolidated statement of comprehensive income and consolidated statement of changes in equity.

(b) The Company

	Share premium (note 26 (c)(i)) HK$'000	Contributed surplus (note 26 (c)(ii)) HK$'000	Share-based payment reserve (note 26 (c)(iii)) HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2009	85,591	67,239	571	29,231	182,632
Profit for the year	–	–	–	36,887	36,887
Dividend paid	–	–	–	(15,828)	(15,828)
Share-based payments	–	–	2,210	–	2,210
Award of treasury shares	–	–	(323)	–	(323)
At 31 March 2010	85,591	67,239	2,458	50,290	205,578
Representing:					
At 31 March 2010 after proposed final dividend				25,636	
Proposed final dividend (note 13)				24,654	
Attributable to owners of the Company				50,290	
At 1 April 2010	85,591	67,239	2,458	50,290	205,578
Profit for the year	–	–	–	34,253	34,253
Dividend paid	–	–	–	(24,654)	(24,654)
Share-based payments	–	–	3,390	–	3,390
Issue of shares on exercise of share options	1,653	–	(317)	–	1,336
Cash settlement for the awards granted	–	–	(84)	–	(84)
Lapsed of share-based payments	–	–	(806)	806	–
Award of treasury shares	–	–	(1,075)	–	(1,075)
At 31 March 2011	87,244	67,239	3,566	60,695	218,744
Representing:					
At 31 March 2011 after proposed final dividend				10,921	
Proposed final dividend (note 13)				49,774	
Attributable to owners of the Company				60,695	

26. RESERVES

(c) Nature and purpose of reserves (continued)

(i) Share premium account

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be applied in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premiums payable on repurchase of shares.

(ii) Contributed surplus

Contributed surplus of the Company arose as a result of the restructuring exercise (details are sets out in the Company's prospectus dated 16 March 2007) and represented the difference between the then consolidated net asset value of subsidiaries acquired, over the nominal value of the Company's shares issued in exchange therefor.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution to shareholders, provided that the Company is, after the payment of dividends out of the contributed surplus, able to pay its liabilities as they become due; or the realisable value of the Company's assets would thereby not be less than the aggregate of its liabilities, issued share capital and reserves.

(iii) Share-based payment reserve

The share-based payment reserve represents the fair value of the actual or estimated number of unexercised Options and Awards granted to Group Employee and PSP Participants recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 3(p) to the financial statements.

(iv) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 3(c)(iii) to the financial statements.

(v) Statutory reserve

In accordance with the relevant PRC regulations, the subsidiaries of the Group established in the PRC are required to transfer a certain percentage of the profit after tax, if any, to a statutory reserve. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory reserve may be used to offset the accumulated losses, if any, of the subsidiaries.

(vi) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 3(j)(ii) to the financial statements.

27. DEFERRED TAX LIABILITIES

The following is the major deferred tax liabilities recognised by the Group:

	The Group		
	Accelerated tax depreciation HK$'000	**Tax loss** HK$'000	**Total** HK$'000
At 1 April 2009	3,126	–	3,126
Credit to profit or loss for the year (note 11)	(142)	–	(142)
At 31 March 2010 and 1 April 2010	2,984	–	2,984
Charge/(credit) to profit or loss for the year (note 11)	1,031	(512)	519
At 31 March 2011	4,015	(512)	3,503

The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

	The Group	
	2011 **HK$'000**	2010 HK$'000
Deferred tax liabilities	**4,015**	2,984
Deferred tax assets	**(512)**	–
	3,503	2,984

At the end of the reporting period the Group has unused tax losses of HK$12,550,000 (2010: HK$3,580,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$3,102,000 (2010: HK$Nil) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$9,448,000 (2010: HK$3,580,000) due to the unpredictability of future profit streams.

28. TRADE PAYABLES

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	The Group	
	2011	2010
	HK$'000	HK$'000
US$	**140,062**	118,563
RMB	**17,754**	15,385
HK$	**122,459**	77,196
JPY	**21,810**	18,280
Others	**315**	349
	302,400	229,773

29. PROVISIONS

The movements of the provisions are as follows:

The Group

	Provision for sales warranties	**Provision for claims from customers**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 April 2009	14,423	5,191	19,614
Charge for the year	1,502	454	1,956
Reversal for the year	(2,124)	–	(2,124)
Realised during the year	(1,948)	–	(1,948)
At 31 March 2010 and 1 April 2010	11,853	5,645	17,498
Charge for the year	14,599	370	14,969
Reversal for the year	(9,836)	(1,419)	(11,255)
Realised during the year	(3,875)	–	(3,875)
At 31 March 2011	12,741	4,596	17,337

30. BONUS PAYABLE TO DIRECTORS

The bonus payable to directors were unsecured, interest-free and repayable on demand.

31. BANK BORROWINGS

	The Group	
	2011	2010
	HK$'000	HK$'000
Bank and trust receipt loans, secured (note 33)	**38,015**	–

The borrowings are repayable on demand or within one year.

The carrying amounts of the Group's borrowings are denominated in USD.

The average interest rate of the Group's borrowings at 31 March 2011 was 1.85% (2010: N/A).

Bank and trust receipt loans are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

32. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Acquisition of a subsidiary

Acquisition of Master Brands

On 25 March 2010, the Group acquired 100% of the issued share capital of Master Brands for a consideration of HK$10,000. Master Brands was engaged in provision of business service during the year ended 31 March 2010.

The fair value of the identifiable assets and liabilities of Master Brands acquired as at its date of acquisition, which has no significant difference from its carrying amount, is as follows:

	The Group
	2010
	HK$'000
Fair value of net assets acquired	–
Purchase consideration satisfied by:	
Cash paid	10
Fair value of net assets acquired	–
Goodwill arising on acquisition (note 17)	10
Net cash outflow arising on acquisition:	
Cash consideration paid	10

32. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(a) Acquisition of a subsidiary (continued)

The goodwill arising on the acquisition of Master Brands is attributable to the anticipated profitability of the distribution of the Group's products in the new markets and the anticipated future operating synergies from the combination.

Master Brands contributed HK$Nil to the Group's turnover and profit for the year for the period between the date of acquisition and 31 March 2010.

If the acquisition had been completed on 1 April 2009, total Group turnover for the year ended 31 March 2010 would have been HK$1,136,124,000, and profit for the year ended 31 March 2010 would have been HK$58,778,000.

(b) Major non-cash transactions

Additions to property, plant and equipment during the year of HK$Nil (2010: HK$216,000) were prepaid in 2010 and recorded under prepayments, deposits and other receivables.

33. BANKING FACILITIES

At 31 March 2011 and 2010, the banking facilities of the Group were secured by corporate guarantees executed by the Company and a subsidiary of the Group.

34. CONTINGENT LIABILITIES

At 31 March 2011 and 2010, the Group and the Company did not have any significant contingent liabilities.

35. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
Contracted but not provided for:		
Acquisition of property, plant and machinery	**1,759**	3,996
Construction of factory premises	**–**	8,611
	1,759	12,607

36. LEASE COMMITMENTS

At 31 March 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
Within one year	**1,117**	1,225

Operating lease payment represents rentals payable by the Group for certain of its offices, factory premises and staff dormitory. Lease are negotiated for an average term of one to five years and rentals are fixed over the lease terms and do not include contingent rentals.

37. RELATED PARTY TRANSACTIONS

Apart from those disclosed elsewhere in these financial statements, transactions between the Group and other related parties which were entered into by the Group with the related parties negotiated on terms mutually agreed with these related parties are disclosed as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
Purchases of goods from:		
Nicecon Limited	**3,946**	1,315
KyoEyi Denso Limited	**365**	268
Project management fee paid to:		
Concord Building Company Limited	**780**	960

Trade payables to the related parties arising from the purchases of goods are as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
Trade payables to:		
Nicecon Limited	**1,179**	332
KyoEyi Denso Limited	**49**	131

During the financial year ended 31 March 2010, the Group has made certain advances to KyoEyi Denso Limited totalled approximately HK$297,000 which are unsecured and interest-free and no such advancement during the financial year ended 31 March 2011. The Group also made certain payments totalled approximately HK$8,000 (2010: HK$18,000) during the year on behalf of KyoEyi Denso Limited which are repayable on monthly basis.

37. RELATED PARTY TRANSACTIONS (CONTINUED)

The Group's key management personnel are the directors and key executives. The remunerations of directors and key executives for the financial years ended 31 March 2010 and 2011 are disclosed in note 12 to the financial statements.

KyoEyi Denso Limited is beneficially owned by Mr. Tse Chong Hing, Mr. Chow Kok Kit and Mr. Hung Kai Wing, the executive directors of the Company.

Nicecon Limited is beneficially owned by the brother of Mr. Chow Kok Kit.

Concord Building Company Limited is beneficially owned by the brother of Mr. Tse Chong Hing.

38. SEGMENT INFORMATION

The Group has three reportable segments as follows:

OEM – original equipment manufacturers products

ODM – original design manufacturer products

Licensing – licensed products

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 3 to the financial statements. Segment profits or losses do not include dividend income, and gains or losses from investments and derivative instruments. Segment assets do not include amounts due from related parties, investments and derivative instruments. Segment liabilities do not include convertible loans and derivative instruments. Segment non-current assets do not include financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

Information about reportable segment profit or loss, assets and liabilities:

	OEM HK$'000	ODM HK$'000	Licensing HK$'000	Total HK$'000
Year ended 31 March 2011				
Segment revenue	1,617,457	343,962	33,421	1,994,840
Intersegment revenue	–	(24,406)	–	(24,406)
Revenue from external customers	1,617,457	319,556	33,421	1,970,434
Segment profit/(loss)	235,862	35,506	(11,403)	259,965
As at 31 March 2011				
Segment assets	367,192	47,143	25,392	439,727
Segment liabilities	32,640	29,205	6,840	68,685

38. SEGMENT INFORMATION (CONTINUED)

Information about reportable segment profit or loss, assets and liabilities: (continued)

	OEM HK$'000	ODM HK$'000	Licensing HK$'000	Total HK$'000
Year ended 31 March 2010				
Revenue from external customers	920,008	216,116	–	1,136,124
Segment profit	134,988	14,483	–	149,471
Other material non-cash items:				
Allowance for receivables	–	9,516	–	9,516
As at 31 March 2010				
Segment assets	242,102	31,561	–	273,663
Segment liabilities	32,499	29,314	–	61,813

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities:

	2011 HK$'000	2010 HK$'000
Revenue		
Consolidated revenue and revenue from external customers	**1,970,434**	1,136,124
Profit or loss		
Total profit or loss of reportable segments	**259,965**	149,471
Elimination of intersegment profits	**(1,198)**	–
Unallocated corporate expenses	**(137,528)**	(90,696)
Consolidated profit for the year	**121,239**	58,775
Assets		
Total assets of reportable segments	**439,727**	273,663
Available-for-sale financial assets	**–**	15,116
Unallocated corporate assets	**591,660**	478,502
Consolidated total assets	**1,031,387**	767,281
Liabilities		
Total liabilities of reportable segments	**68,685**	61,813
Unallocated corporate liabilities	**486,492**	335,186
Consolidated total liabilities	**555,177**	396,999
Other material items		
Depreciation and amortisation	**33,210**	24,153
Allowance for receivables	**–**	9,976
Additions of property, plant and equipment	**72,859**	28,226

38. SEGMENT INFORMATION (CONTINUED)

Geographical information:

	Revenue		Non-current assets	
	2011	2010	**2011**	2010
	HK$'000	HK$'000 (restated)	**HK$'000**	HK$'000 (restated)
North and Central America	**912,292**	537,857	**272**	–
Greater China	**496,138**	287,942	**232,387**	189,980
Europe	**460,309**	279,302	**–**	–
Asia Pacific	**89,124**	24,782	**–**	–
Australia	**12,571**	6,241	**–**	–
Consolidated total	**1,970,434**	1,136,124	**232,659**	189,980

In current year, the geographical revenue is prepared based on the shipment destination so that the economic environments, in which the goods are shipped, can be evaluated.

Revenue from major customers

During the year ended 31 March 2011, the Group's external revenue amounting to approximately HK$1,352 million (2010: HK$780 million) was generated from four (2010: four) major customers, each of which accounted for 10% or more of the Group's total external revenue. This revenue was attributable to both OEM products and ODM products.

39. DERIVATIVE FINANCIAL INSTRUMENTS

Foreign currency derivatives:

Currency derivatives are utilised to hedge significant future transactions and cash flows. The Group is a party to a variety of foreign currency forward contracts and options in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the entity's principal markets. As a matter of principle, the entity does not enter into derivative contracts for speculative purposes.

Notional amounts of derivative financial instruments:

This includes the gross amount of all notional values for contracts that have not yet been settled or cancelled. The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts.

At the end of the reporting period, the Group had notional amounts as follows:

	2011	2010
	HK$'000	HK$'000
Foreign exchange forward contracts – US$/JPY	**10,075**	9,688

40. EVENTS AFTER THE REPORTING PERIOD

(a) Subsequent to the end of the reporting period, Bonder International Group Limited, one of the Group's subsidiaries, applied for voluntary liquidation and dissolved on 10 May 2011.

(b) On 23 May 2011, a final dividend of HK$0.14 was proposed by the Company to its shareholders in respect of the financial year ended 31 March 2011 (note 13).

SHAREHOLDERS' INFORMATION

AS AT 9 JUNE 2011

Authorised share capital	:	HK$190,000,000
Issued and fully paid-up capital (including Treasury Shares)	:	HK$35,670,000
Issued and fully paid-up capital (excluding Treasury Shares)	:	HK$34,892,000
Number of shares issued (excluding Treasury Shares)	:	355,525,400 shares
Number/Percentage of Treasury Shares	:	1,174,600 (0.33%)
Class of shares	:	Ordinary share of HK$0.10 each
Voting rights	:	One vote per share

STATISTICS OF SHAREHOLDINGS

Size of Shareholding			Number of Shareholders	%	Number of Shares	%
1	–	999	6	0.32	3,278	0.00
1,000	–	10,000	647	34.82	4,456,673	1.26
10,001	–	1,000,000	1,182	63.62	72,823,232	20.48
1,000,001		and above	23	1.24	278,242,217	78.26
			1,858	100.00	355,525,400	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	TSE CHONG HING	79,296,442	22.30
2.	CHOW KOK KIT	74,039,938	20.83
3.	HUNG KAI WING	27,113,437	7.63
4.	DBS VICKERS SECURITIES (S) PTE LTD	22,353,692	6.29
5.	HSBC (SINGAPORE) NOMINEES PTE LTD	11,602,000	3.26
6.	HONG LEONG FINANCE NOMINEES PTE LTD	9,663,000	2.72
7.	UOB KAY HIAN PTE LTD	8,084,773	2.27
8.	CITIBANK NOMINEES SINGAPORE PTE LTD	7,651,000	2.15
9.	CIMB SECURITIES (SINGAPORE) PTE LTD	6,800,000	1.91
10.	MAYBAN NOMINEES (S) PTE LTD	4,468,000	1.26
11.	HO YAM HIN	3,239,935	0.91
12.	OCBC SECURITIES PRIVATE LTD	3,181,000	0.89
13.	NG CHEOW BOO	2,837,000	0.80
14.	PHILLIP SECURITIES PTE LTD	2,741,000	0.77
15.	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,629,000	0.74
16.	BANK OF EAST ASIA NOMINEES PTE LTD	2,580,000	0.72
17.	TSUI SUNG LAM	2,196,000	0.62
18.	DBS NOMINEES PTE LTD	1,557,000	0.44
19.	MIGAN SDN BHD	1,350,000	0.38
20.	PANG HENG KWEE	1,301,000	0.37
		274,684,217	77.26

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name	Direct Interest	%	Deemed Interest	%
Tse Chong Hing	79,296,442	22.30	–	–
Chow Kok Kit	74,039,938	20.83	–	–
Hung Kai Wing	27,113,437	7.63	–	–

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

49.20% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of VALUETRONICS HOLDINGS LIMITED ("the Company") will be held at Amara Hotel, Connection 3, Level 3, 165 Tanjong Pagar Road, Singapore 088539 on Monday, 18 July 2011 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 March 2011 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final dividend of HK 14.0 cents per ordinary share (tax not applicable) for the year ended 31 March 2011 (2010: HK 7.0 cents per ordinary share). **(Resolution 2)**

3. To re-elect the following Directors retiring pursuant to Bye-law 104 of the Company's Bye laws:

   Chow Kok Kit **(Resolution 3)**
   Hung Kai Wing **(Resolution 4)**

4. To approve the payment of Directors' fees of S$176,000 for the year ending 31 March 2012, to be paid quarterly in arrears at the end of each calendar quarter. (2011: S$160,000). **(Resolution 5)**

5. To re-appoint RSM Nelson Wheeler as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. Authority to allot and issue shares up to 50 per centum (50%) of issued shares – Ordinary Resolution

That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, authority be given to the Directors of the Company to issue shares ("Shares") whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

(a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the issued shares (excluding treasury shares) in the Company;

(b) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) of the Company as at the date of the passing of this Resolution, after adjusting for:

(i) new Shares arising from the conversion or exercise of convertible securities;
(ii) new Shares arising from exercising share options or vesting of Share awards outstanding or subsisting at the time this Resolution is passed; and
(iii) any subsequent bonus issue, consolidation or subdivision of Shares;

(c) And that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities.
[See Explanatory Note (i)] **(Resolution 7)**

8. Authority to allot and issue shares under the Valuetronics Employee Share Option Scheme and the Valuetronics Performance Share Plan – Ordinary Resolution

That authority be and is hereby given to the Directors to offer and grant options in accordance with the Valuetronics Employee Share Option Scheme ("ESOS") and/or to grant awards in accordance with the Valuetronics Performance Share Plan (the "PSP") and allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the ESOS and/or the vesting of awards under the PSP, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the ESOS and the PSP shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.
[See Explanatory Note (ii)] **(Resolution 8)**

9. Proposed offer and grant to Mr Tse Chong Hing of Awards – Ordinary Resolution

THAT, the offer to Mr Tse Chong Hing, a Controlling Shareholder of the Company of Awards in accordance with the Valuetronics Performance Share Plan on the following terms:-

(a)	Proposed date of grant of Awards	:	Within one (1) month from the date of the AGM
(b)	Number of Shares comprised in the proposed Awards	:	Not exceeding 225,000 Shares, being approximately 0.42% of the total number of Shares issued and issuable under the Valuetronics PSP and the Valuetronics ESOS. This is on the assumption that the total number of Shares available under the Valuetronics PSP and the Valuetronics ESOS, being 15% of the total number of issued Shares of the Company is 53,328,810 as at 15 June 2011, being the latest practicable date prior to the printing of the circular to shareholders dated 1 July 2011 (the "Latest Practicable Date"). The total number of Shares available under the Valuetronics PSP and the Valuetronics ESOS will vary depending on the issued share capital of the Company from time to time.

be and is hereby approved.
[See Explanatory Note (iii)] **(Resolution 9)**

10. Proposed offer and grant to Mr Tse Chong Hing of Options – Ordinary Resolution

THAT, the offer to Mr Tse Chong Hing, a Controlling Shareholder of the Company of Options in accordance with the Valuetronics Employee Share Option Scheme on the following terms:-

(a)	Proposed date of grant of Options	:	Within one (1) month from the date of the AGM
(b)	Number of Shares comprised in the proposed Options	:	Not exceeding 225,000 Shares, being approximately 0.42% of the total number of Shares issued and issuable under the Valuetronics PSP and the Valuetronics ESOS. This is on the assumption that the total number of Shares available under the Valuetronics PSP and the Valuetronics ESOS, being 15% of the total number of issued Shares of the Company is 53,328,810 as at the Latest Practicable Date. The total number of Shares under the Valuetronics PSP and the Valuetronics ESOS will vary depending on the issued share capital of the Company from time to time.
(c)	Exercise Price per Share (in the case of Options)	:	20% discount of the Market Price at the relevant date of grant
(d)	Exercise Period (in the case of the Options)	:	Exercisable after two (2) years from the date of grant.

be and is hereby approved.
[See Explanatory Note (iii)] **(Resolution 10)**

11. Proposed offer and grant to Mr Chow Kok Kit of Awards – Ordinary Resolution

THAT, the offer to Mr Chow Kok Kit, a Controlling Shareholder of the Company of Awards in accordance with the Valuetronics Performance Share Plan on the following terms:-

(a)	Proposed date of grant of Awards	:	Within one (1) month from the date of the AGM
(b)	Number of Shares comprised in the proposed Awards	:	Not exceeding 700,000 Shares, being approximately 1.31% of the total number of Shares issued and issuable under the Valuetronics PSP and the Valuetronics ESOS. This is on the assumption that the total number of Shares available under the Valuetronics PSP and the Valuetronics ESOS, being 15% of the total number of issued Shares of the Company is 53,328,810 as at the Latest Practicable Date. The total number of Shares available under the Valuetronics PSP and the Valuetronics ESOS will vary depending on the issued share capital of the Company from time to time.

be and is hereby approved.
[See Explanatory Note (iii)] **(Resolution 11)**

12. Proposed offer and grant to Mr Chow Kok Kit of Options – Ordinary Resolution

THAT, the offer to Mr Chow Kok Kit, a Controlling Shareholder of the Company of Options in accordance with the Valuetronics Employee Share Option Scheme on the following terms:-

(a)	Proposed date of grant of Options	:	Within one (1) month from the date of the AGM
(b)	Number of Shares comprised in the proposed Options	:	Not exceeding 700,000 Shares, being approximately 1.31% of the total number of Shares to be issued under the Valuetronics PSP and the Valuetronics ESOS. This is on the assumption that the total number of Shares available under the Valuetronics PSP and the Valuetronics ESOS, being 15% of the total number of issued Shares of the Company is 53,328,810 as at the Latest Practicable Date. The total number of Shares under the Valuetronics PSP and the Valuetronics ESOS will vary depending on the issued share capital of the Company from time to time.

(c)	Exercise Price per Share (in the case of Options)	:	20% discount of the Market Price at the relevant date of grant
(d)	Exercise Period (in the case of the Options)	:	Exercisable after two (2) years from the date of grant.

be and is hereby approved.
[See Explanatory Note (iii)] **(Resolution 12)**

13. Renewal of Share Buyback Mandate – Ordinary Resolution

THAT:-

(1) the exercise by the directors of the Company (the "**Directors**") of all the powers of the Company to purchase or otherwise acquire from time to time issued ordinary shares of HK$0.10 each fully paid up in the capital of the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors at their discretion up to the Maximum Price (as defined below), whether by way of:-

(a) market purchase(s) ("**Market Purchases**") on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"); and/or

(b) off-market purchase(s) ("**Off-Market Purchases**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(2) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:-

(a) the date on which the next annual general meeting of the Company is held; and

(b) the date by which the next annual general meeting of the Company is required by law to be held; and

(3) The Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

In this Resolution:

"**Prescribed Limit**" means 10% of the issued ordinary share capital of the Company as at the date of passing of this Resolution; and "**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:-

(a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below) of the Shares; and

(b) in the case of an Off-Market Purchase, 110% of the Average Closing Price (as defined below) of the Shares; and

where:-

"**Average Closing Price**" means (1) the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, preceding the date of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase; and (2) deemed to be adjusted for any corporate action that occurs after the relevant five-day period; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.
[See Explanatory Note (iv)] **(Resolution 13)**

By Order of the Board

Shirley Lim Keng San
Hazel Chia Luang Chew
Company Secretaries

Singapore, 1 July 2011

Explanatory Notes:

(i) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro rata basis.

(ii) The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors of the Company, to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time pursuant to the exercise of the options under the Scheme.

(iii) Explanatory notes to Ordinary Resolutions 9 to 12 are set out in the Circular dated 1 July 2011.

(iv) The Ordinary Resolution 13 proposed in item 13 above, if passed, will empower the Directors from the date of the above Meeting until the next Annual General Meeting to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to 10% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price. Information relating to this proposed Resolution is set out in the Circular dated 1 July 2011.

Notes:

1. A Shareholder being a Depositor whose name appears in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore) is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. If a Depositor wishes to appoint a proxy/proxies to attend the Meeting, then he/she must complete and deposit the Depositor Proxy Form at the office of the Singapore Share Transfer Agent, B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758, at least forty-eight (48) hours before the time of the Meeting.

3. If the Depositor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

BOARD OF DIRECTORS

Executive:
Tse Chong Hing
(Chairman and Managing Director)
Chow Kok Kit
Hung Kai Wing

Independent:
Chow Kok Kee
(Lead Independent Director)
Lim Chin Tong
Siu Ping Kwong

AUDIT COMMITTEE

Chow Kok Kee (Chairman)
Lim Chin Tong
Siu Ping Kwong

NOMINATING COMMITTEE

Siu Ping Kwong (Chairman)
Chow Kok Kee
Lim Chin Tong

REMUNERATION COMMITTEE

Lim Chin Tong (Chairman)
Chow Kok Kee
Siu Ping Kwong

COMPANY SECRETARIES

Shirley Lim Keng San
Hazel Chia Luang Chew (1)
Appleby Services (Bermuda) Ltd (2)

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

BUSINESS OFFICE

Unit 9-11, 7/F Technology Park
No. 18 On Lai Street
Shatin, New Territories
Hong Kong
Tel no: (852) 2790 8278
Fax no: (852) 2304 1851
Website: www.valuetronics.com.hk

BERMUDA SHARE REGISTRAR

Appleby Management (Bermuda) Ltd.
Argyle House
41a Cedar Avenue
Hamilton HM 12
Bermuda

SINGAPORE SHARE TRANSFER AGENT

B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758

AUDITORS

RSM Nelson Wheeler
Certified Public Accountants
29th Floor, Caroline Centre
Lee Gardens Two, 28 Yun Ping Road
Hong Kong

Partner in charge: Yam Tak Fai, Ronald
(with effect from FY2011)

(1) Hazel Chia Luang Chew is the deputy secretary of the Company.
(2) Appleby Services (Bermuda) Ltd is the assistant secretary of the Company.

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